

ARGUMENT

OF

FRANKLIN B. GOWEN, ESQ.

BEFORE THE

JOINT COMMITTEE OF THE LEGISLATURE OF PENNSYLVANIA,

*APPOINTED TO INQUIRE INTO THE AFFAIRS OF THE PHILADELPHIA AND
READING COAL AND IRON COMPANY AND THE PHILADELPHIA
AND READING RAILROAD COMPANY,*

At Atlantic City, New Jersey, July 29th and 30th, 1875,

ON BEHALF OF SAID COMPANY.

SPECIALLY REPORTED BY D. F. MURPHY.

PHILADELPHIA:
PRESS OF HELFENSTEIN, LEWIS & GREENE,
Fifth Street above Chestnut.

1875.

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ARGUMENT.

MR. CHAIRMAN AND GENTLEMEN OF THE COMMITTEE:—
I have to congratulate you on the near approach of the end of your labors; and I can, to some extent, congratulate myself that for the first time during this long investigation I am permitted to say something for myself and for the company I represent. I shall speak to you in two characters: first, the representative of the Reading Railroad Company, answering the general allegations made against us which led to the investigation; and, second, in the narrower sphere of a lawyer, criticising the testimony that has been brought before you. With reference to the charges that have been brought by the retail coal dealers, I take it they must either stand or fall upon the testimony that has been offered before you. But there is a very much broader field than this. When the legislature of Pennsylvania appoints an investigating committee to see whether a great corporation has not violated its charter, such committee cannot be confined to the simple investigation of a charge of underweights or a charge of car detention. What I mean is better illustrated by the remark that if you were to be confined, with reference to the whole scope of your investigation, to the simple testimony adduced before you, it would follow that if the retail coal dealers had offered no testimony at all, you could have made no investigation; and, hence, I shall ask you to listen to me when I speak of general topics of business and of public policy as affecting the relations of a great coal-carrying company to the Commonwealth of Pennsylvania, from the legislative power of which it derives its charter.

The Reading Railroad Company was chartered in the year 1833 for the purpose of building a railroad from Philadelphia to the town of Reading. Within a year or two its powers were extended to enable it to locate its line and construct its road to the anthracite coal regions of Schuylkill county. The road was opened to the coal region in the year 1842, and from that time until the commencement of these difficulties it has been carrying out the object of its charter fairly to the public, honestly to the State, and often for many years at great loss to its promoters. From a small line of fifty-eight miles of single track in 1835, it has extended itself throughout every valley of the Schuylkill and Mahanoy coal fields, offering an avenue to every one who desired to send his coal over its lines; and in the year 1870 it operated one thousand one hundred and sixty-eight miles of single-track railroad, of which four hundred and sixty-six miles were located in the coal fields alone. I ask you to glance at this map [exhibiting a map] to see the extent of territory that was opened by the coal laterals of the Reading Railroad. You have seen it probably before: it represents the various lines built by this company for the purpose of developing the anthracite coal fields which had no other avenue to market than those owned by the company I represent; and I call your attention to it for the purpose of showing you how fairly and honestly this railroad company fulfilled the objects of its charter in offering facilities to all persons to make use of its line, irrespective of who they were and irrespective of the particular locality of their mines. Wherever an opening was made in any part of the coal field for a colliery, the Reading Railroad Company built a railroad to it without cost or charge to the projector of the improvement. It has expended hundreds of thousands of dollars in new lines, often expended as high as forty thousand dollars or fifty thousand dollars for a line to open a single colliery, which afterwards turned out to be in fault, and from which no business was ever derived.

In the year 1870 it carried four million six hundred and thirty-three thousand tons of coal; it transported one million seven hundred and fifty-four thousand tons of merchandise; it carried two million and thirty-four thousand passengers. Its

capital at that time was forty-one million dollars, and its annual rent account for leased lines of railroads and canals represented twenty million dollars additional,—making sixty-one million dollars invested in a business that depended for its prosperity and success upon the carriage of anthracite coal. Up to this time—to wit, 1870—the Reading Railroad Company was the most determined opponent, in the State of Pennsylvania, of the policy of permitting railroads to be owners of coal lands or miners of minerals. It had nothing to fear from any adversary in any region. The coal fields which it developed were the nearest to tidewater,—ninety miles against one hundred and twenty, to one hundred and fifty for the other regions; its road was down grade to tidewater; a locomotive engine could carry seven hundred tons of coal to a train. It could have maintained itself without the ownership of coal lands, and without any connection with mining, against any rival that then existed, if such rival had been nothing else than a common carrier.

I may say here that this company had some right to the protection of the legislature. Having been chartered for this object, having accomplished this object, having secured a larger tonnage than any other company, it had a right to be protected by the legislature of Pennsylvania so that its business should not be destroyed. I do not say that it had the right to such protection as would have prevented another railroad being built to compete with it by constructing a parallel avenue of transportation. Such, however, is the policy of France; and I doubt whether any better railroad policy exists in the world than the railway policy of France, which has parceled out its territory to six or seven large railway companies, and prevents any encroachment within those territories from any rival company, thereby protecting the railway at the same time that the public is protected against undue oppression by a governmental inspection of the charges for freight and transportation.

We could not have asked for such protection in Pennsylvania; but we had a right to ask that that which was withheld from us should have been withheld from our adversaries. But instead of this, and at the time when the Reading Railroad Company had no right to own mines, or to own coal lands, or

to engage in the business of mining coal to supply its line with tonnage, every other Pennsylvania coal-carrying corporation whose outlet was the city of New York had such right. The Delaware and Hudson Canal Company was chartered by the legislature of Pennsylvania, and had the right to mine coal, to own coal lands, and to transport coal. The Delaware, Lackawanna and Western Railway Company, chartered by the State of Pennsylvania, had the same right. The Pennsylvania Coal Company, chartered by the State of Pennsylvania, possessed exactly the same right. The Lehigh Coal and Navigation Company, chartered by the State of Pennsylvania, possessed the same right. The Lehigh Valley Railroad Company was the only company which originally was in the same position as the Reading Railroad Company; but, by its merger with the Beaver Meadow Railway, it acquired the right to be an owner of coal lands as well as a transporter of coal. We might not have complained of this had these other companies confined themselves to the basins of coal they were originally intended to develop—namely, the Wyoming and the Lehigh coal fields. Each one of the avenues of transportation controlled by these five companies led directly to the city of New York. The business of each of them was to build up the city of New York with the produce of Pennsylvania, in antagonism to the Reading Railroad Company, whose only outlet was the city of Philadelphia. We were the only coal company that was exclusively a Pennsylvania corporation. Every ton we carried to tidewater went through the city of Philadelphia, and added to the prosperity and the commerce of that great metropolis; and the traffic of every one of our adversaries was tributary to the commercial prosperity of a rival city—taking the produce of our very State to build up a rivalry which eventually would have destroyed Philadelphia in the scale of commercial importance, had it not been for what we have since done. We could not have objected, however, to the action of these other companies, had they confined themselves to the coal fields they were originally chartered to develop; but, having spread themselves over the entire Wyoming coal field, having taken up almost all the smaller basins in the Lehigh field, they turned their attention to the Schuyl-

kill and the Mahanoy coal field ; and what was the position of the Reading Railroad Company in the year 1870 ?

I now ask your attention to a map, which is the same as the one I have just shown you, but upon which I have located these rival lines which were gradually encroaching upon what we called our own territory. [Exhibiting map.] The lines in black are the lines of the Reading Railroad Company. We found, in 1870, and prior to that time, that the Lehigh Valley Railroad Company had extended a line of railway through the heart of the Mahanoy coal field side by side with our own. It had purchased large bodies of lands, represented here by the color green, and was engaged in diverting a traffic, which originally had gone by the Reading Railroad to Philadelphia, to the city of New York, by its own line. The Pennsylvania Railroad Company had acquired the control of the Northern Central Railroad, and through it had secured the Lykens Valley Railroad and the Shamokin and Pottsville Railroad. The former was extended into our southern field at its western end. [Indicating on the map.] And this rival company had already secured such an amount of land, as is here represented, side by side with our own. The Shamokin Valley and Pottsville Railroad, which entered the coal field from Sunbury, was extended, where this line marked in red is indicated, and it had already secured the large body of lands marked in red. Further than that, a coalition between the Lehigh Valley Railroad Company, the Delaware, Lackawanna and Western Railroad Company, and the New Jersey Central Railroad Company, was formed for the purpose of building a railroad along almost the entire length of the southern coal field. These three large and wealthy corporations united and located a line from the neighborhood of Tamaqua, running where this line is indicated [pointing to the map], almost through the very centre of the southern coal field.

Such was the position we occupied in the year 1870. We should have had nothing to fear from any rival railroad competing as common carriers with ourselves ; but when these large companies, with a power to buy coal lands, located and projected lines into our very territory, and were engaged in buying up lands for the purpose of sacrificing the profit of the miner to

secure transportation for their railway lines, the result would have been, if we had not acted promptly, that in a year or two the company that we represented, and the property for which we were responsible, would have been rendered almost entirely valueless, and all the tonnage which we now carry to the city of Philadelphia would have been diverted to the city of New York.

In this connection I desire to refer to the act of 1869, which has been alluded to by both of our friends on the other side. The allusion almost provoked a smile, when I remembered the history of the act and the desperate battle fought in the legislature by the Reading Railroad Company against its passage. This act of 1869, entitled "An act to authorize railroad and canal companies to aid in the development of the coal, iron, lumber, and other material interests of this Commonwealth," was an act of assembly introduced into the legislature entirely in the interest of the rival lines that I have spoken of, for the purpose of enabling them, after having located their roads, to buy lands in our own territory. It was approved on the 15th day of April, 1869. I was, at that time, the counsel for the Reading Railroad Company, and I well remember the earnestness with which the company and its counsel opposed the passage of the bill. The utmost that we could secure, however, was that very amendment, which I believe was drawn by myself, and which prevented the act having any operation in the county of Schuylkill. We could do no more than that. It opened Northumberland county, where our lines were existing, it opened Dauphin county, where we already had lines of railroad and coal interests, to our adversaries; and the utmost that we could do was to keep Schuylkill county away from them: but it only kept Schuylkill county away from them so far as concerned the power to purchase the stock and bonds of coal companies, but wherever coal land was owned by individuals, they had the right to buy. Thus attacked, as I have shown, what could we do? Were we to lie still? Were the managers of the company to remain quiet and see the tonnage diverted from their own line? We had nothing to do but to fight the enemy with their own weapons. The policy had been

inaugurated by the Commonwealth of Pennsylvania. Her legislative power had given to these rivals of ours an ability to defeat us in our own region and at our own home ; and no other way in which we could protect ourselves was left open for us except that of becoming the owners of coal lands. But even before we had that right, and, indeed, before we determined as a company that we would adopt that policy, several gentlemen connected with the company, who had means of their own, bought up three or four large bodies of land which happened at that time to come into the market. The first purchase, I believe, was an interest in the Trevorton coal estate, from which the North Franklin coal is mined. An act of assembly was introduced into the legislature to incorporate the Franklin Coal Company, the object of which was to enable the purchasers to associate themselves as a corporation in the ownership of the three, four, or five bodies of land which they had thus purchased. But events succeeded each other with great rapidity in those days. In the opening of 1871 we had one of the most disastrous strikes in the coal region that we have ever experienced,—longer, I believe, than any which has ever since occurred, except the one from which we have just emerged. That strike completely prostrated individual enterprise, threw upon the markets large bodies of land, which were at the mercy of the rival companies who were attacking us, and we determined to go into the matter as a corporation, and to ask the legislature to pass an act of incorporation for the formation of an auxiliary coal and iron company.

I desire to say to you, gentlemen, that corporations having the same powers as this Laurel Run Company were as plenty as blackberries in August. Charter after charter existed on the statute books of your legislature, which were offered to us, one after the other, but we preferred to go to the legislature ourselves. True, we gave no notice to our adversaries that we were doing so. Do our friends upon the other side expect business men, desiring to prevent rivals getting the advantage of them, to serve upon such rivals a notice of the action that it was proposed should be taken? Did the gentlemen expect us to give such publicity to the Laurel Run Improvement Company as to

defeat the very object of its charter? Why, we bought some of these lands over night; the large bodies occupying strategic positions in the coal field were purchased before anybody knew anything about it. But the members of the legislature were not deceived; there was no deception practiced upon them. In the hall of the Senate, Senator Billingsfelt made a speech against the passage of this act of assembly because it was avowedly in the interest of the Reading Railroad Company. There was not a man, no matter how humble his position, in the legislature, or connected with it, who did not know that that act of assembly was intended for the Reading Railroad Company just as well as he knew that a supplement to the charter to incorporate the city of Philadelphia was intended for that municipality. There was no deception; there was no deceit. The matter was pressed through with as much rapidity, of course, as it could be, because the object was to defeat the rivals who were encroaching upon our territory; and if our friends on the other side suppose that we manage our large business in such a manner as to notify our adversaries of our intentions, for the purpose of enabling them to defeat the objects we have in view, they have formed a very low estimate of the capacity of the gentlemen who have been placed in charge of the Reading Railroad Company, and I am glad to be able to tell them that I do not think we are as dumb as we look.

The Laurel Run Improvement Company was organized. The gentlemen interested in the success of the Reading Railroad Company, who had bought, out of their own means, several large bodies of lands at very low prices,—some of them worth now five times as much as they paid for them,—conveyed every acre to the company at the same price they had paid for it, with six per cent. interest added. We bought one hundred thousand acres of land; we expended forty millions of dollars; and of that great sum of money not one penny of purchase-money was diverted to enrich a man who was in the pay of the company. And just at this point let me call your attention, as representatives of the Commonwealth of Pennsylvania, to the position which the rival ports of Philadelphia and New York occupy towards each other with reference to the anthracite coal fields.

I have made a tracing copy of the map which Mr. Lorenz showed you in Philadelphia, and I desire you to glance at it for a moment [exhibiting map]. There is New York [indicating], and there is Philadelphia [indicating]. The large corporations that were our rivals had developed the northern or Wyoming coal field and those several isolated basins known as the Lehigh coal region. Every avenue leading from these fields led to the city of New York, and all the traffic helped to build up its commerce and add to its prosperity. The city of Philadelphia, which is nearer to the coal fields than any other port, had no region to depend upon except the Schuylkill and the Mahanoy, and had no avenue of transportation leading to it, except such as were controlled by the Reading Railroad Company. What would have been the condition of the city of Philadelphia and the State of Pennsylvania if these New York lines had usurped and taken possession of the southern fields as they had of the northern? Why, gentlemen, we ship from the city of Philadelphia alone two million five hundred thousand tons of coal a year in vessels; we have shipped as much as ninety thousand tons a week; and the commerce and the prosperity of the port of Philadelphia, as a shipping port, are much more dependent upon the industry which we bring to it than upon all others put together. I speak of it now as a mere commercial or shipping port; for you must remember that, though a cargo of coal is worth but little, in money value, as compared with a cargo of oil, a cargo of silk, or a cargo of tea, yet the number of vessels coming and going, the tonnage of the port is just as much affected by a cargo of coal as a cargo of silk, or a cargo of tea; the same number of mariners are required to work the vessels; the same number of ships lie at anchor for a ton of one as for a ton of the other; and each time a vessel comes to the port of Philadelphia to take away something that is produced or shipped there, and to bring something that is used there, it adds just that much to the prosperity of the port which it has selected as its harbor.

We are exclusively a Pennsylvania corporation. We own no foot of railroad that is not within the borders of the State of Pennsylvania; we do no transporting business except that which is exclusively within the borders of Pennsylvania, or that which

is necessary to carry by vessel from Pennsylvania to other places the products of our own Commonwealth; we owe no allegiance to any other State; we derive no power from any other legislature. There is not within the whole State which you represent a corporation so exclusively a Pennsylvania corporation, or one so firmly devoted to building up the industrial interests of the Commonwealth in which we are located. Suppose that the two and a half million tons of coal per annum which we ship from Philadelphia had been diverted to New York,—what a position would the State of Pennsylvania be in; and how could you, gentlemen, answer to your constituents for the manner in which you had performed your trust, when it was shown that this vast wealth, which the Creator had planted in Pennsylvania alone of all the States on the seaboard of our country—this vast wealth, upon which the State of Pennsylvania is more dependent for prosperity than upon any other—this great mineral treasure, which has poured into the heart of Pennsylvania a stream of gold for the last thirty years, had been absorbed and controlled by five or six corporations owned in New York and held in New York, and with every avenue of transportation leading to that city and devoted to building up its commerce? When I think of this; when I look back over the last five or six years, and reflect upon what the State of Pennsylvania owes to the Reading Railroad Company; when I think of what the city of Philadelphia owes to this company; when I think of the earnestness and the fidelity with which the gentlemen who have been entrusted with the management of this company have performed their duties to their own State, and of the prosperity to that State and its metropolis which will result from their efforts; when I think of all this, and then reflect upon what we have been subjected to for the last two or three months before this committee; when I think that this great interest which I represent, and which has added more to the wealth of the State than any other within its borders, is to be stricken down and trampled into the dust, at the dictation of a few petty coal dealers,—I cannot help feeling that, if they are to be successful, it will not be the first time that

“A falcon, tow’ring in her pride of place,
Was by a mousing owl hawk’d at and kill’d.”

Right here, gentlemen, I desire to interject a few words upon the question of the policy of permitting railroad companies to be the owners of mineral lands and the miners of coal. If I were simply defending our own position,—if I were simply here to defend those members of the legislature who with great unanimity voted for the passage of the act incorporating the Laurel Run Improvement Company,—it would be entirely sufficient for me to say that you had given this right to every corporation transporting coal to New York, and that you could not, in justice to your own Commonwealth and to her citizens, have denied it to us. That alone is amply sufficient to justify what you have done, and not only to justify you, but to hold you up to honor in future time, for the wisdom of a course that looked beyond the present, and beyond the petty gains of retailers and factors, to establish a policy that should inure to the benefit of the State which you represented.

SENATOR RUTAN.—That was the controlling argument.

MR. GOWEN.—Undoubtedly it was. It was the controlling argument with the legislature, and it was the controlling argument with the Governor; for the answer he made to us was,—“I am opposed to this, but as every company that sends its products to New York has this right, I shall give it to the only one whose commerce adds to the prosperity of Pennsylvania.”

But to go back to the question of general policy. I was brought up in the Democratic school of faith, and I may say that “after the most straitest sect of that religion I lived a Pharisee,” and I was taught to believe that it was simply monstrous to give a corporation such powers as we now possess; but, while still adhering to the ancient faith, I have become a convert to the doctrine that there is no better hand to hold the power of owning and controlling mineral lands than the railroad companies that develop the territory in which they are situated.

In the first place, our coal field is a barren wilderness,—a rough series of mountains and valleys, with masses of rock upheaved and stood on edge, which, to-day, but for the mineral wealth beneath it, would be as waste as the desert of Sahara. What is there to incite a company to develop such a coal field except the mineral wealth that it contains? Is it not important that it

should be developed? And with the experience which we now have before us, what corporation would expend money in the development of a coal field if, after they had succeeded in building their lines and investing their money, the very business upon which they depended for their prosperity was taken away from them by others? Why, there would be nothing left for them. Hence, if you want the coal fields developed, you must attach them to the interest that develops them, so as to justify the expenditure of money.

In the second place, I have this to say; you have yourselves been through the coal region; you have seen the amount of capital it requires to open a colliery—two, three, four, or five hundred thousand dollars; and in one or two places which you have seen, from a million to a million and a quarter of dollars to open a single colliery; you have seen the shafts being sunk near Pottsville, commenced by this company, to develop a bed of coal almost at the terminus of its main line, the existence of which has been known for thirty years to a demonstration, but the cost of the development of which has deterred any individual owner of land from engaging in it. Those works, which will employ a thousand men and add five to six or eight thousand to the population of the town of Pottsville, will cost, when they are completed, probably from a million to a million and a quarter of dollars. What individual would have engaged in such an enterprise? What individual, having one million of dollars, would be foolhardy enough to place the whole of his property at the risk of a single explosion or in danger from a single spark? But I may be answered that corporations might have engaged in this work without transporting powers; that an aggregation of capital could be formed for the purpose of developing coal lands without transporting coal. But, gentlemen, would any capitalists engage in an enterprise unless they knew that for years to come an avenue of transportation would be open to, and controlled by, them? Unless, therefore, the two interests are united, there would be little doubt whatever that many of the coal fields of this State would remain undeveloped hereafter.

But again it is to the interest of a railroad company that fuel should be cheap, and I want to call your attention to this im-

portant point. The Reading Railroad Company depends for its profits upon the prosperity of manufacturers along its line. Just imagine what its condition would have been had these New York companies secured the control of the coal lands, and had said to the manufacturers in the State of New Jersey—and I presume I must speak very deferentially of the State of New Jersey, as we happen to be within it at this moment—suppose they had said to the manufacturers of the State of New Jersey and the State of New York who were along their lines, “Come here, and we will give you coal for two dollars a ton, and we will charge the people who are upon the line of the Reading Road four dollars for it,”—what effect would that have on the prosperity of the State of Pennsylvania? Why, gentlemen, what is the price of coal to us; that is, what is twenty, thirty, or forty cents in the price of coal to us as compared with the large revenue we receive from those who use it upon the line of the road? We sell lump coal to the manufacturers to-day at two dollars and fifty cents a ton, just about the cost of that particular kind of coal. Suppose we sold it to them at fifty cents less than cost; suppose that in order to build up our line we should say, “every man who locates his works upon the line of our road shall for twenty years have his coal at two dollars a ton,”—what do you think we should get for that ton of coal, selling it at two dollars? We would get four dollars for every ton of it. In other words, the ton that we sell at two dollars will bring to us an increased business of from five to ten dollars of gross receipts for every ton that is burnt in the process of manufacture along the line of our road. Such, I hope, will ever be the policy of the railroad company; and that is the reason the retail coal dealers in Philadelphia do not like us; that is the reason the factors do not like us. We have stricken down the intermediate profits, and we have said and will say to the manufacturers throughout the United States, “here is a company that owns lines of railroad in the heart of a rich agricultural region, where labor is plenty and always will be abundant; we own the coal lands and we own the coal mines; and you can come here to locate your works in the confidence that self-interest alone, and the worship of the almighty dollar—generally supposed to be

implanted in the breast of a corporation, without regard to any benevolent or philanthropic ideas in the minds of the gentlemen connected with the company—will induce us to let you have this fuel at less than you can buy it from an individual.”

There is, however, another reason. A large corporation such as we are is held by the public and by the representatives of the public to a strict accountability. We would not dare to do what individuals do. When individuals controlled this coal field during the war, eight dollars a ton was the price of coal at the mines. Do you think the Reading Railroad Company would have dared to charge that sum, no matter how great the power it possessed? Do you suppose that a ton of coal which cost two dollars at the mines could have been sold at a profit of six dollars, if the Reading Railroad Company had owned it instead of individuals? A few individuals during the war were selling coal to the United States Government, to carry on the defense of the country, at a profit of from three dollars to four dollars a ton; but do you suppose such a thing would have been possible under a corporation? Why, if we had attempted it we should have been pilloried as monopolists and then executed as traitors; and yet these individuals who handled the product of the mines during the war, and who made money so enormously out of war prices, are the very persons represented by those who now attack us for making a monopoly of this trade! Would the legislature have appointed a committee to investigate the conduct of an individual if he had charged this high price for coal? O, no! But when we reduce the price, to the injury of a Philadelphia retailer, the whole power of the State is invoked for our destruction. Hence, I say I am a convert; and I believe, as the result of experience, that there is no better policy than that of enabling the railroad companies to develop the coal fields in which their lines are located. But, gentlemen, let me call your attention to a few statistics, for we have some means of determining this question from actual results. I think you will all agree with me that the senseless clamor against corporations, simply because they are corporations, will have no weight whatever with you. I think you will admit that it is your duty, as it is the interest of those whom you represent, to so act that

the State shall be prosperous ; and you will agree that whatever increases the population and adds to the prosperity of the State should be encouraged, irrespective of whether the dollars and cents that result as profit from the work done are in the treasury of an aggregation of individuals called a corporation, or in the pocket of one single man. The map which I have just exhibited to you shows that the Wyoming coal field for the last twenty years has been developed by corporations, and the Schuylkill and Mahanoy coal fields have been the locations for individual enterprise. We have had, then, two well-defined and distinct systems of business in operation for nearly twenty years. Let us see by figures what was the result to the State of Pennsylvania.

The Schuylkill and Mahanoy coal fields together contain two hundred and thirty-seven square miles of coal ; the Wyoming coal fields contain only one hundred and ninety-eight ; therefore, we have more land than they have. The Schuylkill and Mahanoy region—the Schuylkill particularly—was the first one opened. It is nearer to tidewater than any other. On account of the geological formation, the structure of the stratification, and the number of axes of depression and elevation, there are to the square mile more places for opening collieries in the Schuylkill and Mahanoy region than in any other. In addition to this, the upper strata of the coal measures, which are absolutely denuded in the Lehigh region and partially washed away in the Wyoming region, exist intact in the Schuylkill. In other words, whereas in the Lehigh region they have but three or four veins of coal and in the Wyoming from eight to ten, we have in many places in the Schuylkill region seventeen distinct strata, and to this extent, therefore, our capacity for annual production is greatly increased. Notwithstanding all this, what has been the result ? In the year 1840 the Schuylkill region produced four hundred and ninety thousand five hundred and ninety-six tons of coal, and the Wyoming region produced only one hundred and forty-eight thousand four hundred and seventy tons. You see the production of the Schuylkill region was more than three times—nearly three times and a half—as large as that of the Wyoming region. In 1850 the

Schuylkill region produced one million eight hundred and forty thousand six hundred and twenty tons, and the Wyoming region eight hundred and twenty-seven thousand eight hundred and twenty-three tons. This was about the period when the large corporations in the Wyoming region, of which I have spoken, were going into business extensively as miners of coal, and up to that time the increase had been somewhat greater in the Wyoming than in the Schuylkill. But now look at the next decade. The tonnage of the Schuylkill region had increased in 1860 to three million seven hundred and forty-nine thousand six hundred and thirty-two tons, or about double; while that of the Wyoming region had increased to two million nine hundred and forty-one thousand eight hundred and seventeen tons, or more than treble. At the end of the next ten years, while the Schuylkill had only increased in 1870 to four million eight hundred and fifty-one thousand eight hundred and fifty-five tons, or twenty-nine per cent., in ten years, the Wyoming region increased from two million nine hundred and forty-one thousand eight hundred and seventeen tons to seven million eight hundred and twenty-five thousand one hundred and twenty-eight tons, or one hundred and sixty-six per cent., within the same period. Here was an increase of one hundred and sixty-six per cent. against twenty-nine, due to the fact that the Wyoming region was controlled by large corporations which could expend money in developing the lands, and who were not liable to be prostrated by a monetary panic. If we had had twenty years ago the powers we now have, what do you think would to-day be the increased population of the valley of the Schuylkill, and the increased commerce of the city of Philadelphia? I have shown you that in the decade from 1860 to 1870 the tonnage of the Schuylkill region had increased but twenty-nine per cent.; while that of the Wyoming had increased one hundred and sixty-six per cent. But I have had these statistics brought down to 1874, and I have been astonished at the revolution already worked in the trade in consequence of our advent into the business of mining and selling coal. In the four years from 1870 to 1874 the tonnage of the Schuylkill region has increased thirty-three and twenty-three one-hundredths per cent., and that of the Wyoming

only eighteen and one one-hundredth per cent. If there is anything more conclusive, as a demonstration, than this, I should like to have it produced before you; and assuming that you, gentlemen, will close your minds to the senseless clamor against a corporation, and look only to the development of your own native State,—look only to her prosperity and the prosperity of her people,—I think you will justify what we have done, and some of you will claim credit with your fellow-members for having been among those who were present in the halls of legislation when this policy was extended to Schuylkill county by the incorporation of the Philadelphia and Reading Coal and Iron Company.

But let us look at the populations of these two regions as represented respectively by Schuylkill and Luzerne counties. In 1850 Schuylkill county had a population of sixty thousand seven hundred and thirteen, and Luzerne only fifty-six thousand and seventy-two. In 1860 Schuylkill had eighty-nine thousand five hundred and ten, but Luzerne had already overrun it, and had ninety thousand two hundred and forty-four. In 1870 Schuylkill county had increased to one hundred and sixteen thousand four hundred and twenty-eight, and Luzerne to one hundred and sixty thousand nine hundred and fifteen, or an increase for Schuylkill, in that decade, of thirty per cent., against seventy-eight per cent. for Luzerne. Of course, I have no means of making a comparison of populations since 1870, for no census has been taken; but I will venture to say that, owing to the work of this company in the Schuylkill region, and the number of men employed and brought there, the ratio of increase in Schuylkill in the last four years will compare as favorably with that of Luzerne as the tonnage of the two regions during the same time.

There is one other subject to which, before I leave this part of the case, I desire to call your attention. I know that it is rather an invidious thing to appear before the public as the defender of a corporation; but let me say to you that a large corporation confers a benefit upon a community—which the latter cannot derive from an individual—in this respect. Take the Reading Railroad Company, for example. I have looked over the sta-

tistics of the company from its formation, and I find that the stockholders of the company have received an average of not quite six and a half per cent. upon their money from the time they invested it. They have never got more than an average of six and a half per cent. for their money; and if they were to sell out their property to-day at its market value, they would only get ten per cent. more for it than they paid for it forty years ago. You will admit that all this aggregation of property which we hold is a benefit to the public; you will admit that the public gets the use of it; and let me ask you, if it was owned by an individual, would he give the use of it to the public at a rate of interest which is not five per cent. upon its value? If any of you gentlemen had bought a house forty years ago, would you let the community use it to-day at ten per cent. of what you paid for it, if it was now worth ten times as much as you gave for it? You have been at Port Richmond. The Reading Railroad Company owns a body of land and wharf facilities there which would be represented in value by a sum of ten million dollars. They never charge one penny for its use; it is given free to the public; there is no charge for the use of the wharves at Richmond. These very gentlemen who attack us, who have been witnesses here, who are trying to break down our charter, are making money by the occupancy of our property, without a dollar of annual rent. If it belonged to an individual would that be the case? The capital of the company was formed forty years ago, and its property was purchased at the low value which it then possessed; and although that property may have increased tenfold in value, it measures the demand of its stockholders by an annual rate of ten per cent. upon the original investment, which is not five per cent. upon its present market value. The annual dividend paid out by the Reading Railroad Company to its stockholders is not five per cent. upon the appraised value of its property. What individual owning property would permit the public to use it at that rate? Would he not sell it out and realize? The people never think of this. They say, "O, you are paying ten per cent. dividends." But upon what capital are we paying ten per cent.? Upon the capital that we invested forty years ago.

You may have bought a house on Chestnut street forty years ago for five thousand dollars, and it is worth one hundred thousand to-day; do you rent it to an individual at ten per cent. upon the five thousand dollars—rent it for five hundred dollars when you can get ten thousand dollars for it? Surely not; but the corporation, whose capital is measured by its stock, charges the public but ten per cent. upon the value of its property at the time it was bought, and adds nothing to it for the increased value. In other words, the stock of the Reading Railroad Company has never been increased, owing to the increased value of its property. During the war, when the company was making a great deal of money, it did not pay cash dividends, but kept the money and increased the capital due to the expenditure of the earnings; but for seventeen million dollars of profits invested it only increased its capital twelve million dollars; so that the increase should be measured by a gold standard of value; and hence, notwithstanding that increase of capital, the money it represented was invested in property, and the rate of interest paid to-day is a rate entirely inadequate to the market value of its assets.

Having gone over these general subjects, I now come to the entrance of the Philadelphia and Reading Coal and Iron Company into the business of mining coal. Our first intention was never to mine a ton of coal. The idea was, that the ownership of these lands would be sufficient to attach the tonnage to us, and that we could get individuals to mine the coal at a rent. That was the policy inaugurated by the company, and to develop it they expended probably eight hundred thousand or nine hundred thousand dollars, simply in loans to individuals to enable them to get into business. We built collieries, rented them to individuals, and advanced money on mortgage; and had it not been for the terrible demoralization of labor in the coal regions resulting in strikes, individuals would have been able to do all that we wanted. But we had, during the time I speak of, a succession of strikes which entirely destroyed individual enterprise. There was no man who had the capital to stand up against them; six months out of a year they were idle; and we saw that we had to “take the bull by the horns”

and go into the business of mining ourselves. There was nothing else left for us to do. We tried honestly and sincerely for nearly eighteen months to develop these lands and work them by individual enterprise; nay, more than that, when we found that would not do, in several instances we opened the collieries and associated men of known experience with us as partners in mining, and let them have the business; but that was also unsuccessful, and we had to take hold of the coal trade as we took hold of the railroad,—establish ourselves in it as a large corporation, with fixed rules, and the result has been what you have seen and have been investigating.

Look now at the manner in which the business was conducted in those days, and what it became necessary for us to do. You have heard enough from the evidence to know that it was a rare exception that the miner sold his own coal. There had grown up a system of business by which factors, gentlemen of wealth, established themselves in the port of Philadelphia, at the terminus of the Reading Railroad, and took charge of the product as it reached tidewater. I do not wish to reflect unnecessarily upon these gentlemen, nor do I suppose that they deserve to be reflected upon. They had a right to earn money in that way—it had been established by custom; but I say to you that there never grew up and flourished a more iniquitous system in the world, and every man who has been mining coal in Schuylkill county during the last thirty years will testify in my favor upon this point. They levied a charge of twenty-five or thirty cents a ton for the mere sale of the coal, entirely irrespective of the sum of money it brought. The lower the coal sold the better it was for them, because they sold upon a guarantee commission; and if they sold for two dollars they had only half the money at stake that they had when they sold for four. The Reading Railroad Company in those days weighed coal strictly to the very pound, and allowed five per cent. for waste; and it allowed ten cents a ton as bonus for every car that was dumped at Port Richmond before four o'clock of the day it came down. The practice that had grown up in Philadelphia was, that the five per cent. for waste and the ten cents for the dumping of the car were taken by the factor as a consideration for his paying the shipping expenses.

When the shipping expenses were twenty cents a ton, the aggregate of these two items (the dumpage and the five per cent.) was about thirty cents, and so there was an additional profit of about ten cents; and I am within bounds when I say that the average profit of doing this business was about forty cents a ton,—so that when coal sold for one dollar and seventy-five cents at the mines, nearly twenty-five per cent. of the value of the product was paid to the middleman for passing it through his books. These gentlemen, the factors, sat at the water's edge like leeches, sucking the life blood of a healthy trade; and as one after another dropped off, gorged to repletion, others took his place, until the emaciated body handed over to us hardly seemed worth the effort of preserving. Everybody knew it—it was the talk of the community. I practiced law for seven years in the county of Schuylkill, and in all that time, and up to it, there were but three men who had ever retired from the business of mining coal with any money, and one of those died in an insane asylum and another had softening of the brain. The shock was too great to their systems.

Why, gentlemen, there was no orphans' court business in that county. I never drew a will in my life but one, and the man for whom I drew that had no money. Every man's estate was settled by the sheriff before he died. I lived through all these times in that county, and I am glad to say that it was the result of that experience which enabled me to make a vow that if it ever came into my power I would try to do something to make that county prosperous. A remark that escaped Dr. Rommel upon the stand is very suggestive. Our friends on the other side assumed that every man who went into the coal trade failed because he was not a man of capital or not a man of business habits. Mr. Pettit, I think it was, in examining Dr. Rommel, who was one of these factors, said to him, "I suppose these men went in without capital, and then I suppose they went along, and they came to grief."

"Yes," said Dr. Rommel, "they came to Walnut street;" and I suppose in his vocabulary the words are synonymous.

These gentlemen, the factors, are the principal complainants in this case. They are represented on the stand before you by

Mr. Vandusen, of whom I desire to speak very kindly, for although he had lost his business he spoke very kindly of us, and I do not know that he ever did anything of which I have the right to complain. He feels very naturally, not exactly indignation, but something which is akin to indignation, at having been driven out of his business. The other representatives are Dr. Rommel and Mr. Borda, and they were the only three examined. Dr. Rommel was the owner of a colliery and Mr. Borda the owner of two collieries. Bless your souls, gentlemen, they never complained of the enormous power of the Coal and Iron Company when they were selling their collieries to us! They took our money as if it were their mother's milk, and you never saw men more anxious for it. Mr. Borda sold us his colliery at a large price, and Dr. Rommel sold us his colliery at a large price, and I have no doubt those gentlemen looked forward with eager eyes to the time when a great corporation would become the miner of coal, and instead of selling fifty thousand, sixty thousand, or one hundred thousand tons of coal by factors, we would turn our business over to them and let them get forty cents a ton out of an annual product of millions of tons. But we were not to be caught in that way. Having once concluded to go into the business, we made up our minds that we would sell our own coal. You see, therefore, the reason for the opposition of these gentlemen. We shipped last year of the business formerly done by factors, one million three hundred thousand tons of coal. At forty cents a ton, here was five hundred and twenty thousand dollars annual profit taken out of the pockets of eight or ten men. No wonder they look angry. No wonder they declare war; and Mr. Borda appears both in the position of Achilles and Thersites, in the eventful Illiad, which is to end with the destruction of the company. Think, gentlemen, of five hundred and twenty thousand dollars a year for doing nothing, taken out of the pockets of eight or ten men! No wonder that they think very badly of us, because we deprived them of the profits in which they were accustomed to participate.

Another word about this subject of middlemen. Some years ago I was in the State of New York, and I think one of the

most interesting business operations I ever saw was the manufacture of cheese by the farmers in that State. There is no more perfect system in the world than that combination of farmers for cheese manufacture which exists in the State of New York; and when we can bring the production of coal within rules as strict as theirs, and manage our business upon principles as broad and comprehensive as they do, we shall have attained the perfection of a commercial enterprise. Every farmer whose cow produces the milk that enters into the cheese gets just such proportion of the price which that cheese brings in Liverpool as is due to the proportion of milk that entered into its composition,—and there are no middlemen employed. Fifty or sixty or one hundred farmers unite and send to a cheese factory the milk from their cows. They fatten their hogs off the offal, and the man who makes the cheese gets a certain sum per pound for making it; and so hundreds of other cheese factories throughout the State of New York do the same; and they have an agent paid by the association in Liverpool, and one paid by it in other parts of Europe; and the cheese is sold on the account of the owner of the cow in the markets of the world, and there are no middlemen's profits deducted from the price. Why should the producer be fleeced for the purpose of paying a profit which, if due to the business, ought to be due to him whose capital is risked in its prosecution? Why, gentlemen, look at the grain trade. What would become of the prosperity of the United States of America if the great grain trade of this country, which goes into our international exchanges and adds to the value of our commerce, were levied upon, as it went down to the water's edge, by a band of factors and despoiled at the rate of twenty-five per cent. upon the original value to the farmer? Is it not just as important for the Commonwealth of Pennsylvania, that any product of its soil should be directly sent to market, and that the business should be prosperous, as it is the grain trade should be so? The coal taken out of the bowels of the earth represents a sum of money,—say of fifty cents per ton,—which adds just that much to the wealth of the State. It enters to some extent into the national exchanges—to a great extent into our inter-state exchanges. Why should individuals who are neither producers nor consumers,

levy upon this trade on its way to market and deduct from its owner twenty-five per cent. of its value? If any system can be devised for the benefit of the owner of the colliery, whose capital is invested in the business, and whose skill it requires to make it successful, whereby the coal sold in Boston is sold for his account, is it not to his advantage, and to the advantage of the men who work for him, that it should be adopted?

We formed what has been called the "pool." We had twenty or thirty of our own collieries. We had a business of from a million to a million and a half tons of our own to commence with. That was nearly ten times as large as any business that had ever been done before by a single factor at Richmond. It was therefore necessary for us to have our offices in New York and in Boston and in Providence, and to complete all the preparations for an extensive mercantile business. We had to have agents; we had to pay them salaries; they had to be employed and paid to attend to our own business, and it cost us nothing more, except the risk of the failure of those to whom we sold the coal, to do a business of an additional million of tons per annum for others. The clerk who makes out a bill for five hundred tons of coal can just as well make it out for five thousand. It costs him no more labor. A purchaser who buys fifty thousand tons of coal can just as well buy it from us as buy it from eight or ten different men as he had to do before. Therefore, taking the business of this pool, the business of other men in addition to our own, added nothing to our expenses except the mercantile risk that resulted from our guaranteeing the payment of sales, which risk we assumed to be measured by about ten cents a ton. Hence, we said first to eight or ten coal operators, "You have been paying thirty or forty cents for selling your coal; your business has not been a prosperous one. If you want to, and if you will pledge yourselves to prepare your coal properly, we will sell it for you at ten cents a ton." They accepted the offer at once, and then one of them said to me, "Now, Mr. Gowen, you have made us a very liberal offer; it is going to work a revolution in the coal trade, and I simply suggest for your consideration this: that as up to this time you have only spoken to us who are miners in Schuylkill county, and who have factors to

sell our coal, you ought to give the benefit of this to every man who sells his own coal, for even those who have their wharves at Richmond can do better by accepting your offer than they can by keeping in business. In other words, the office facilities, clerks, and sales agents they have to keep up for one hundred thousand tons, cost them very much more than the ten cents a ton that you propose to do the business for, and, in addition to that, they are obliged to run the risk of their sales." "Very well," I said; "I think that is a good suggestion, and we will call a meeting of every man at Richmond interested in a colliery and will make him the offer;" and from this resulted that terrible meeting about which so much has been said, and at which I made the unfortunate remark that "I might become ugly," which my friends I hope now understand related entirely to my personal appearance! I have not heard anything about the unfortunate expression lately, and I suppose they will accept my explanation of its meaning. Having called the meeting, we said to some eighteen of the miners who sold their own coal, "We have made arrangements to sell coal, and if you gentlemen want to do so you can avail yourselves of it." Well, there was a burst of indignation, because no corporation is ever believed to be honest.

I have been subjected for some years to the humiliation of occupying a position in which I am forced to infer that almost every man who comes to see me supposes I am a monster and an oppressor. I endeavor to control my temper as well as I can; and whenever I can find somebody to take my place I shall be happy to go back to practicing law, and to get into some decent business again. Whenever a corporation makes a proposition to any set of men, they invariably suppose you are going to cheat them, and that there is something terrible back of it. Four or five, however, of those of whom I speak, saw the merits of the proposition, and within a day or two accepted it. Some of the largest—I believe the two largest—shippers of coal accepted in a day or two,—the Philadelphia Coal Company and Agard, Moodie & Co.,—but the rest did not, and they sent me the protest, which has been offered in evidence, and which was very thankfully received and very politely answered. Out of this has sprung all this trouble; out of this has sprung all these

anonymous newspaper articles, these complaints of this “grasping monopoly”—simply because we said to those who produce the coal and who have been paying forty cents for selling it, that we would do the business for ten cents a ton ; and every man of them who was called here (and our friends committed the indiscretion of calling three or four of them) justified us, and said it was one of the best things that ever happened to them. In all this thing, my friend Mr. Borda has been the leading spirit. He it was who subscribed the largest sum in aid of this investigation,—five hundred dollars I think was the amount,—when our poor retailers only could put in fifty to one hundred dollars apiece. It was Mr. Borda, I think, who furnished a great deal of the law that led to this investigation, until our friends now here were employed ; and then I was very glad to see that some of the crude notions which we heard through the newspapers as adopted under Mr. Borda’s advice were abandoned. Wherever we saw a complaint against us we could trace it to Mr. Borda. An article appeared in the *Boston Post*, under the head of “A Citizen,” in which, as the representative of native-born Americanism, there was a protest against the demoralizing influence of British gold ! Well, the native-born citizen was Mr. Borda, from France. In another paper there appeared an “interview” with one of the “hard-fisted and horny-handed sons of toil,” who had devoted the morning and the noon of his life to working in the coal mines and earning his daily bread, and the “hard-fisted and horny-handed son of toil” was the aristocratic Mr. Borda, who is “robed in purple and fine linen and who fares sumptuously every day.” If an article appeared signed by “A Coal Operator,”—that is, a man owning a coal mine,—who was being ruined by the operation of this great monopoly, and we came to investigate and ask the editor who this coal operator was, it invariably turned out to be Mr. Borda, who had sold his last colliery to the company, and who was jingling the money he received for it in his pocket just before he had taken the pen to write of himself as “a coal operator.” So, occasionally, although we have enough retail dealers to fight against, I think a great deal of the complaint of the retailers came from Mr. Borda, whose business is that of a wholesale

dealer and factor, which has been uninterrupted by the advent into business of this company, and who now, I suppose, is remaining at home, engaged in shipping a large amount of coal and making a large amount of money by the use of one of the wharves of the Reading Railroad Company, which we give to him for nothing!

Mr. Borda is a gentleman of very great ability,—a gentleman of French birth,—one of whose ancestors, I think, either in the direct or collateral line, was a very scientific man in the latter part of the last century, and an admiral, who had many a fierce battle with the English. I suppose, therefore, that in Mr. Borda's breast there is a lingering hereditary animosity against the Englishman; and, as we are about to celebrate our centennial anniversary, and ask our English cousins to come over and forgive us for having fought with them a hundred years ago, I think Mr. Borda ought to wait until that ceremony of reconciliation is over, before he lets the natural prejudices of his race excite him to attack the "British people;" but whenever my friend hears of an Englishman (I think the usual designation is "a bloated English bondholder"), he exclaims, like the giant in Jack the Giant-killer,—

"Fee, fi, fo, fum,
I smell the blood of an Englishman.
Dead or alive, I will have some,"—

and he draws his sword and prepares him for the fray.

I sympathize with Mr. Borda: he comes of gallant ancestry and he belongs to a gallant race, who have doubtless been frequently oppressed and injured by the English, and I could almost forgive him for any attack he might lead against the hereditary enemies of his native land; but I do sympathize with him, from the bottom of my heart, in the disappointment that he will find awaiting him after he has captured the three Englishmen who own so large an interest in the Reading Railroad Company, and discovers, when alas it may be too late, that two of them are Irishmen and the third is a very broad Scotchman. I do hope that Mr. Borda will let them alone, because I know that, with the natural politeness of his race, when he discovers his mistake, he will make an apology which will be almost as embarrassing as the original offense.

Mr. Borda has always shown a disposition to manage our business, for which we are extremely grateful to him; and, really, I do not know anybody who has the experience, the urbanity of manner, and the knowledge of the coal trade that Mr. Borda has, to enable him to take hold of it and relieve us of the task! Some years ago when I was a young man,—and I suppose these gentlemen thought they had a very good opportunity to teach me something,—Mr. Borda and three others (one of whom was Dr. Rommel and another, Mr. Vandusen) wrote me a letter, the gist of which was, that they had looked on the vast business of the Reading Railroad Company, and they thought a very good plan for the company to manage its affairs would be to reduce its dividends to a fixed limit, and divide the residuary profits by giving half to the factors and half to the stockholders! It was a very ingenious suggestion. Their idea was, that they would work so much harder then to get money; they were getting forty cents a ton out of it, but if besides they got half the profits over and above eight per cent., there would be nothing like the way in which they would work. The matter was considered by the managers of the company, and on the 6th of March, 1871, I wrote a short letter to those gentlemen, which I will take the liberty to read, and which runs as follows:—

“I owe you an apology for the delay in making a formal reply to your communication of January 31st, although shortly after its receipt I intimated to two of your number what the answer would be. Your letter was duly laid before the managers, by whom I was unanimously directed to reply to you that the company would decline to consider the subject presented by your communication. I trust you will not consider me impertinent or intrusive if I suggest that the usual manner by which people qualify themselves to receive a share of the profits of a corporation is to become owners of its stock; and I need not add that it would give great pleasure to all the present officers of this company if the gentlemen connected with the coal trade would, by the purchase of stock, give to themselves a right not only to share in the distribution of the profits, but to participate in the management of the company.”

I can make no better answer to Mr. Borda now than this: if he and these other gentlemen will take a moiety or a tenth part of their wealth and invest it in the stock of the company, we shall admit them into a participation, not only in its profits but in its management; and I shall be very glad, indeed, to hand over the burden which I have had on my shoulders for the last six years to a gentleman so well able to bear it as is Mr. Borda. I am at a loss, however, to conceive why he should complain of his present position, for I am sure, from what I have seen of him, that if he will devote one-tenth of the time, and one-tenth of the ingenuity, and one-tenth of the ability that he has devoted to our business, to the management of his own, he will be one of the most successful merchants that ever came to this country. He, as I said, is the leading spirit; he is the representative of his class. He, of course, has not appeared upon the scene except as a modest, unassuming witness, brought before you by the command of a subpoena; but he is "the power behind the throne;" he is the man who pulls the wires, and who has moved the puppets. He has led on this investigation and incited it, using the names of others, no matter what became of them, and no matter that our poor friends Hancock and Spooner will have to wear gloves for all the rest of their natural lives, to hide the manner in which their fingers have been burnt by pulling Mr. Borda's chestnuts out of the fire.

So much, gentlemen, for the factors. I dismiss them to the retirement in which they belong and which they can enjoy, for they carry with them an abundance of this world's wealth; and I now come down to our friends, the retail coal dealers. I have shown you, I think, how our business affected the factors, and I desire now to show you how it has affected the retail dealers. How has the retail coal business been conducted in Philadelphia? I beg my friends who are opposed to me, and who are sitting around me here, not to think that I am unnecessarily invidious in speaking of them; but I must speak of them, and I must compare them with others; and I say that the retail coal business was conducted in Philadelphia in a manner in which it was not conducted in any other city. Any man could go into the retail business in Philadelphia who could get an endorser

to guarantee the payment of a week's tolls. He could put up a little yard and order his coal; the Reading Railroad Company gave him a week's credit, and after the end of the week five days more before he paid his bill. Almost all men who had no other means of earning money, because other means required capital, would go into the retail coal business. True, a great many good men are in this business,—a great many very good and enterprising men, whose business has been ruined by the very class to which I refer. I know that when I was in Schuylkill county every man who broke down in mining coal started a feed store, and when I came down to Philadelphia I found that every man who broke up in any other business opened a retail coal yard. The result was, that this business was divided among so many that they could not live without a large profit. The large price at which they sold coal in Philadelphia induced corporations, whose main business was in New York, to divert some of their tonnage to Philadelphia; and for many years the Lehigh Coal and Navigation Company has been retailing coal in Philadelphia, bringing it forty or fifty miles further than we do, and selling it at a price less than the retail coal dealers; and we found that we were losing the business of the Reading Railroad Company on account of the high price at which coal was retailed in the city of Philadelphia. We therefore commenced the retail coal business ourselves, and we had two objects. The first object was to add to our facilities for holding coal. You can see yourselves the great bulk of the coal production—how much goes to market, and how important it is to have a place to put it. Richmond is filled up by a week's business. The yards we opened in Philadelphia hold one hundred and thirty thousand or one hundred and forty thousand tons. It is quite a valuable thing to have such depots to which we can send the coal when there are no orders. The coal must leave the mines every day; and the more places we have to hold it during a depressed condition of affairs, the longer the mines can keep in operation. Another reason was, that we wanted cheap fuel in the city of Philadelphia. The city of Philadelphia is peculiarly a city of manufacturers, and it is a city of cheap homes. When I tell you

that coal is retailed and has been retailed in the city of New York, and sometimes in the city of Boston, as low as in the city of Philadelphia, you will be astonished, until I show you the reason for it.

Now let me take our business as retailers. Suppose we are selling twenty-five thousand tons of coal a month (and we have sometimes sold more than that) at retail. When we sell twenty-five thousand tons of coal a month, our rent account and the interest on the property invested in the coal yards does not amount to more than twelve cents a ton. The salaries of all the people employed—clerks and telegraph operators, and every man who is paid by salary—does not amount to more than eight cents a ton. The pay of the men who are paid day's wages in the yards amounts to just about fourteen cents a ton; and then if we allow for advertising, repairs, miscellaneous expenses, and losses six cents a ton, we have this result: that with a business of twenty-five thousand tons of coal a month, we can afford to sell coal at retail at only forty cents more than the wholesale price added to the freights. But now let me pick out one of the gentlemen who was driven out of business, as he says, by the advent of the Coal and Iron Company. I mean Mr. Boggs. He swore that we drove him out of business. Let us see what kind of a business he did. He told you that he sold sixteen hundred tons of coal a year. He paid six hundred dollars a year for rent. His rent account was thirty-seven and a half cents a ton on every ton he sold. What were his salaries, or, what represents them—his cost of living? He is a very gentlemanly-looking man, and he has a family. How much does it cost such a man to live? At the lowest, sixteen hundred dollars a year. That is a dollar a ton on every ton against eight cents for us. He employed but one man. If he only paid that man forty dollars a month, his wages were thirty cents on every ton sold. He put up sixteen hundred or seventeen hundred dollars' worth of permanent improvements. Allowing ten per cent. for depreciation and six per cent. for interest, you have twenty cents more in these items. The aggregate of all in the case of the man who was driven out of business is one dollar and eighty-seven cents a ton against forty cents on our part. Why,

he ought to be driven out of business. Why should the people of Philadelphia pay one dollar and forty-seven cents per ton more for coal than they can get it for from us, for the sake of keeping in business a man who sells only sixteen hundred tons a year? Coal is a common article; it is not high-priced; you do not want to rub it with sand-paper and put it up in gold leaf. The cheaper the people can get it, the better for them and the better for us.

But look at another fact to see how much each retailer sells. In 1873 there were two hundred and seventy retail coal dealers in Philadelphia; in 1874 there were two hundred and thirty-nine. A million tons a year is a fair estimate of the amount retailed, of which we sell two hundred thousand tons, leaving eight hundred thousand tons of coal to be sold by from two hundred and seventy to two hundred and thirty-nine men. The average is only about three thousand five hundred tons a year for each one of them to sell. Every retail dealer must get, I suppose, three thousand five hundred dollars a year for the expenses of himself and family. Some of these gentlemen look as if they were very considerable men, well endowed with this world's goods. They must get at least one dollar a ton as profit over and above the necessary yard expenses. Suppose a miner of coal were to open a yard in Philadelphia, and sell his coal at retail at the same price as at wholesale, would you investigate him? He would injure these retail dealers just as much as we do. Suppose any of the men who mine one hundred thousand tons of coal per annum, instead of trusting their coal all over the United States, should say, "We will open a large yard in Philadelphia and sell our coal there; we will have an agent to look after it; we will sell at the wholesale price, adding freights, and get our money as the coal is sold." That would be a benefit to the city of Philadelphia, but it would injure the other retailers; and if, thereupon, the latter were to go to the legislature, would that body appoint a committee to investigate the individual coal operator? But our friends, the retail dealers, go to the legislature and ask you to investigate us, because we sell coal a dollar a ton cheaper than they do,—and they tell us we ought to be punished for that! But they say that it is not what

we have already done, but what we intend to do, that they complain of. The only answer to that is, "wait until we strike the blow before you complain of us." We never will strike it, for this reason : we want to get that which (to use the horrible word) *is a monopoly* ; we want to get a monopoly of the coal-carrying trade to the city of Philadelphia, and the only way we can do it is by selling the coal there so cheap that the Wyoming and Lehigh regions cannot get any business. That is the protection the community has. We are ninety-three miles off; the other regions are from one hundred and ten to one hundred and sixty miles ; and yet at the price established by the retail coal dealers, the Lehigh and the Wyoming coal comes into Philadelphia from an increased distance and undersells our Schuylkill coal.

But I am frequently asked this question :—"Why do you interfere with these people? Why does your large company bother itself about the profits of these small retail dealers? Why do you not let them have their business?" The answer is, simply because we want to increase the carrying trade of our railway ; and if they will sell coal as cheap as we can, we will not sell a ton. If the Retail Coal Dealers' Association will come to us and say that they will take our yards from us and bring their customers to them and sell coal at the same price that we do, we will give them the yards and supply them with coal, and we will not ask them to pay for it until they sell it, if they will give us security that they will not run away with the money. That is all we want. If Mr. Ellis Branson will take the yard on Ninth street, and Mr. David Branson will take the yard at Fairmount, and bring all their customers to us, we will give them the yards to-morrow if they will guarantee to sell our coal at the price we do. Let them do it, and they will make as much money in a year as they do now, because instead of selling seven thousand tons they will sell seventy thousand tons, and at ten cents a ton profit on the large amount, the result to them would be the same as one dollar per ton on the smaller, while the benefit to the citizens of Philadelphia would be incalculable.

I admit that these gentlemen have been injured by us, but it is, in law, *damnum absque injuria*. It is a loss for which they

have no remedy. My friend Mr. Lane says that a man's business is his own, and when you deprive him of his business you take away that which is his property. When this investigation was commenced I was told—but I believe our friends had not then retained counsel—that that was the legal and constitutional provision which we had violated; that, under the doctrine of vested rights, a man who had built up a business was entitled to it and could not be interfered with. That is to say, the storekeeper who for twenty years had had a business from which he was making ten thousand dollars a year by selling silk at a dollar and a half a yard, and sugar at twenty cents a pound, could not be interfered with by anybody who should come beside him and offer to sell silk at a dollar and sugar at ten cents. I do not think that such is the law or the constitution.

The stage-coach men were injured in the same manner; and a most estimable class of citizens they were in their day. Nothing would be more delightful, even now, than to get on a stage-coach and go to Pittsburgh at the rate of five or six miles an hour, changing horses every three or four hours, taking a week to get there, and enjoying the beauty of the scenery! See how this estimable and worthy class of citizens have been injured by the frightful monopoly of the Pennsylvania Railroad Company! Have they not something to complain of? In my young days, which were not very long ago, I used to travel upon the canal boats on the Susquehanna before the Northern Central Railroad was built, and I assure you that a more delightful way of traveling than that was never invented by the most luxurious monarch of the East; but it is all gone; the Northern Central Railroad has driven it away. The canal boats are rotting up on the banks of the stream, and what the poor canal-boat captains have turned their attention to I do not know; but they certainly have joined that large army of martyrs which has had its ranks increased by the accession of Mr. Branson and Mr. Borda. They are injured, but they have no right to complain. The benefit is to the public; the benefit is to the producer; and though they are injured, it is an injury for which the law gives them no redress.

Now, how might they avail themselves of the changed con-

dition of affairs? There are two ways. In the city of New York, the Delaware and Hudson Canal Company, the Delaware, Lackawanna and Western Railroad Company, and especially the Pennsylvania Coal Company, have been retailing coal for years and years, and they retail coal in the city of New York at a price just as much over the wholesale rate as is necessary to pay the very small yard expenses they incur. Have they driven out the individual retailers in the city of New York? No; the greatest opponents they have are individual retailers. There is one firm of retailers in the city of New York which sells one hundred thousand tons of coal a year. That is the way to compete with corporations. Let Messrs. Branson & Co. go away from the little contracted yard at Eighth and Willow streets; take a square of ground, and make arrangements with some miner in Schuylkill county to put in eighty thousand or one hundred thousand tons, and sell as low as we do, and they will drive us out of the business. We do not want to be bothered with this retail coal business; we have enough to do; but we want to do something which will give increased tonnage to the Reading Railroad; and if I can bring about a state of circumstances which will make coal cheap in the city of Philadelphia, the producing region which is nearest will get the monopoly of the traffic.

There are several retail dealers in Boston who sell from fifty thousand to one hundred thousand tons of coal a year. That is what it must come to in Philadelphia. We never shall get a monopoly of the retail business in Philadelphia. People do not like to deal with a corporation if they can deal with an individual. There is a natural prejudice against corporations that you cannot obliterate. But the retail coal dealers of Philadelphia will divide themselves into three classes, the first two of which will be the wise ones, and the other will be the foolish one. Of the first two classes, the one that has the capital and the energy will open large yards and sell as much as we do, and invite carters and everybody else to go to them, and give them the coal at thirty or forty cents a ton over the wholesale price. Another class will give up their yards, retain their carts, offices, and their customers, come to our yards and get coal and supply

their customers. It is the kind of business we want. If we can give the retailers in the yard coal at twenty-five cents a ton more than wholesale price, they will get it loaded into their carts cheaper than they can if they have their own yard and have to pay a rent equal to fifty cents a ton. The third class will vanish from the scene. They will join the canal-boat captains and stage-coach drivers, and emigrate to that illusionary and illimitable land which, in the geographical nomenclature of the politician, is known as Salt River.

I have now gone through the preliminary stages of this case, and brought ourselves to the time at which this investigation was ordered. I do not believe that the legislature of Pennsylvania would have ordered the investigation upon the complaint of the retail coal dealers, or even upon that of Mr. Borda, if it had not been that a conjunction of circumstances, which enabled these gentlemen to unite their forces with the anti-monopoly convention, representing the trade unions, then sitting at Harrisburg, led to a complaint before you that "roared so loud and thundered in the index," that you thought it would be your duty to call us before you.

Now let us look at the resolution of investigation. The preamble is,—

"WHEREAS, The Philadelphia and Reading Railroad Company, who are the ostensible stockholders of the Philadelphia and Reading Coal and Iron Company, are mining and selling coal in direct violation of their chartered rights.

* * * * *

"AND WHEREAS, The complaint is of grave import and warrants a careful investigation by this body, to determine whether the said Philadelphia and Reading Railroad Company or the Philadelphia and Reading Coal and Iron Company have in any manner exceeded the rights and privileges granted to them by their charter."

Therefore, the committee of investigation was ordered to ascertain whether the companies "have in any manner exceeded the rights and privileges granted by their charter." You will bear me out in saying that when my friend Mr. Pettit opened the case, he made no allegation of unconstitutionality except

this; he referred to the provision in the new constitution which prevents any succeeding corporation doing what we have done, and he simply referred to that to show that what we did was now against the policy of the law; and he then referred to the act of 1869 to show that it was especially against the policy of the law in Schuylkill county, but there was then no allegation of unconstitutionality whatever. Under the new constitution, I grant you, we could not have obtained the rights which we now have; but the new constitution contains a saving clause which declares that no rights already vested in a corporation shall be affected by the instrument, and under that we stand just where we did before the constitution was adopted. Gentlemen, I was a member of the recent constitutional convention. I did to the utmost of my power oppose and denounce the railroad article in that constitution. I said that it was an iniquity. I said that the Pennsylvania Railroad Company and the Reading Railroad Company already had all the rights they ever would want, and that it was an iniquity to prevent other corporations that might come after from having the same rights, and I think I used this language,—that the Reading Railroad Company and the Pennsylvania Railroad Company could afford to pay ten million dollars for the adoption of a constitution which would protect their powers and prevent any opposition being gotten up against them. But I was laughed at; and because it was so apparent to me that by very many of my respected friends in that convention I was considered an emissary of railroads, I thought it was better for me to retire from the body altogether. But I think the succeeding history of this State will convince the people that there never was a more iniquitous provision than that which gave to us and protected us in the possession of powers that never can be taken away, and yet prohibited you from giving to any rival line any rights such as we possess.

I say this simply to vindicate the position I took in the Constitutional Convention, not as the representative of a corporation,—for I acted against the interests of the corporation with which I am connected,—but as a representative of the people, claiming the right for every man to have the same power that we have, and trying to obliterate the distinction between individuals and corporations.

During this whole investigation we heard no charge whatever of unconstitutionality ; and now I think that if our friends had been successful in gathering the wool they went out for, and had not come home shorn, we should have heard very little talk about the unconstitutionality of our charter at the conclusion of this argument. But, like a wise general who orders up a reserve to cover his retreat, on the last day of the examination we had a witness who, out of these nine hundred pages of testimony, occupies only ten or twenty, and upon his testimony we are charged with unconstitutionality, and we hear very little more about short weights or car detentions.

But the only allegation of unconstitutionality that we hear to-day is, that the charter of the coal and iron company, so far as it contains within itself the power to the Reading Railroad Company to subscribe for its stock, is unconstitutional, because it violates that provision of the new constitution which is exactly the same as the amendment of 1857—viz., “That no bill shall be passed containing more than one subject, which shall be plainly expressed in its title.” I do not intend to argue that question, because it has been abundantly decided. It has been decided that the words “an act to incorporate” a certain company are all that are necessary in a title to enable the act to confer any powers whatever upon such company; and one of the powers granted to the Coal and Iron Company was the right to sell its stock to other corporations. My friend Mr. Lane drew a distinction at law between powers granted to *the* corporation—namely, the Coal and Iron Company, and powers granted to any other corporation—namely, the Railroad Company. The words in the act are these: that it shall be lawful “for any railroad or mining company existing under the laws of this State to subscribe for or purchase the stock, or to purchase or guarantee the bonds of the company hereby incorporated.” Mr. Lane says that is another subject, because it gives power to another company. He says all the powers given to the Coal and Iron Company are right enough—namely, the power to purchase bonds, the power to purchase stock, the power to own lands, the power to purchase stock of other corporations, the power to own coal mines, the power to mine and sell coal. Those he says are all right, because they are given to *the corpo-*

ration named in the title; but in every one of these instances does not the power of the Coal and Iron Company to do something necessarily imply that the person with whom they are to do it is to have the power to deal with them? The charter declares that the Coal and Iron Company shall have the power to buy the coal lands of any corporation. Would this power have been rendered void by adding the words "and any other corporation shall have the power to sell its lands to them?" Such words could be treated as surplusage. If the act had simply said "the Coal and Iron Company shall have the power to sell its stock to any other railroad company," it would have been all that was necessary, and that would have been a direct grant of power to the corporation. But it went further; and after having given power to the Coal and Iron Company to sell its stock and bonds to another company, it went on to say that that other company should have the power to purchase such stocks and bonds. We are told that this is void! . If the argument is sound, if the premises of my friend are correct, what is the conclusion? That if after every one of the grants of power to the Coal and Iron Company, the words had been added, "and any other person shall have the power to sell them its lands, and any laborer shall have the power to contract with them for his labor, and any other company shall have the power to sell them its iron mines, and any other company shall have the power to guarantee their bonds," such words would have rendered void the very grant of power to the company incorporated by the act which is now the subject of controversy.

I can only say that the law has been expressly decided otherwise. I did not expect this point to be made and did not prepare myself to meet it here; but I telegraphed to Philadelphia yesterday for authorities, and I can refer you to a few in Pennsylvania, which are conclusive of the question.

One of the leading cases upon this subject was decided some years ago; I argued the case myself in the supreme court. A *quo warranto* had been issued to test the right of a judge in Schuylkill county to hold office under an act of assembly which was entitled "An act to establish criminal courts in Dauphin, Lebanon, and Schuylkill counties," in which act there were not

only provisions about the courts, but a declaration that certain officers, the clerks of other courts, should cease to act and that new officers should be elected. It was claimed that such grants were in violation of the amendment of 1857, which is in the same words as the clause of the new constitution. The case was heard in the supreme court; and in 8 P. F. Smith's Reports, page 226, it was held by Judge Sharswood that the title to the act "to create criminal courts" was sufficient to comply with the provisions of the amendment to the constitution.

In re Church Street (4 P. F. Smith, page 353) is a case still stronger, because an original act was passed, entitled "An act to straighten and widen certain streets," in which nothing whatever was said about damages, or about the manner in which damages should be assessed, or about actions for damages; and some years afterwards the legislature passed a supplement which was simply called a supplement to an act entitled so and so, going over the original title; and in that supplement there was a grant of power upon a subject not mentioned, even in the body of the original act; and the courts held that the title was sufficient to put people on their guard, and anything incident to the subject of the title must be held to be covered by it, and it has been so held in nearly all the States which have similar constitutional provisions.

There is a very strong case on this point in 3d P. F. Smith, page 390, *Blood vs. Mercelliot*. An act of assembly was passed entitled "An act to increase the boundaries of Forest county." If there was anything in this constitutional provision that required an act to conform to its title, it necessarily would be implied that no power but that of increasing the boundaries of the county could be granted under that title; but the act of assembly contained a proviso that commissioners might change the county-seat and take title to lands for the purpose of building new county buildings, and the supreme court held that the title was sufficient to cover all the powers given by the act.

There is a late case reported in the Philadelphia *Legal Intelligencer* of January 16th, 1875, *Lyons vs. State Line and Juniata Railroad Company*. There, an original act of assembly had been passed, entitled an act to incorporate a company, and

years afterwards a supplement was passed, which was simply entitled a supplement to an act to incorporate the said company, and under that supplement powers were given the company entirely different from those contained in the original act. The position held by the court was exactly the position that has been taken by the courts of Kentucky and of almost every other State in which this constitutional provision exists, to wit: that wherever there is an act of assembly entitled an act to create a certain corporation, such words in the title are sufficient to enable the legislature to vest in the particular corporation any power whatever. The power vested in us by the act of incorporation now objected to is the power to sell our stocks and bonds to other companies. I submit with great confidence that the fact that words of surplusage are used to give to these other companies the powers which they necessarily would have had by implication does not vitiate the act, and therefore every allegation of unconstitutionality falls to the ground.

SENATOR RUTAN.—If that strict construction was to be held, four-fifths of the legislation since the adoption of that amendment would be void.

MR. GOWEN.—Certainly. In the case of *Lyons vs. State Line and Juniata Railroad Company*, the court refers to a calculation of the number of corporations in Pennsylvania, chartered since the passage of the amendment of 1857, which would be destroyed by any stricter construction, and they put it at fourteen hundred. The judge who delivered the opinion so states; and it has been well said, that if the stricter construction were adopted, the title to an act would have to be as long as the act itself, and would be simply a repetition of what was to be contained in the enacting clauses.

When we are called upon to construe a statute or a new constitution we look into the old law, we look into the mischief, and we look into the remedy proposed. The old law was this: that under a title “to enable Robin Hood to build a barn,” you could create a railroad company to own all the railways in the State of Pennsylvania. The object was to prevent people being deceived—to prevent what is called snaking a bill through the legislature. Wherever you have a title which describes the

corporation to be created, nobody is deceived, because when persons hear that the corporation is to be created they can look and see what its powers are; but if every power and every grant given to a corporation has to be specifically named in the title of the act of incorporation, it necessarily follows that the title would have to be as long as the act itself.

SENATOR HERR.—Is there not a case about the camp-meeting ground which settles the point?

MR. GOWEN.—Yes, I recall the case; and as I have a short brief containing the authorities upon this point, I will hand to the committee for their use.

I now come down to the charges against us, which I propose to examine in detail. Leaving out the question of unconstitutionality, on account of the title of the act, these charges against us are:—

- 1st. Of detention to cars;
- 2d. Of short weights;
- 3d. Of an unfair distribution of cars; and
- 4th. Of a combination or conspiracy to control production, which renders us amenable to the law, and which shows us to have been guilty of an abuse of our corporate franchises.

First, as to the question of car detention. You, gentlemen, have had a very full insight into the business of the Reading Railroad Company. You know that the great object sought to be accomplished by that company is to do as large a business as possible. We carried last week two hundred and one thousand tons of coal; we carried the day before yesterday thirty-three thousand tons of coal; we carried yesterday thirty-seven thousand tons of coal; we have twenty-two thousand coal cars. Of these twenty-two thousand cars say there are nearly always five per cent. out of service at the different repair shops. They may only stop for a day, but those that stop for a day count one, and those that stop five days count longer. It may be said safely that there are five per cent. withdrawn for the purpose of repair. Then another five per cent. may be standing idle here and there. You cannot make the company work like an automatic machine. It is safe to say that there are ten per cent. out of service. That would leave us twenty thousand to carry two hundred thousand

tons of coal per week. With twenty thousand cars, it is absolutely necessary that every car should average two trips a week, as each car will hold five tons, and one trip of the whole twenty thousand would make one hundred thousand tons. The object sought to be accomplished by the Reading Railroad Company is to make these cars average two trips every week, and, if possible, two and a quarter. If we can make them average two and a quarter, we can carry two hundred and twenty-five thousand tons of coal per week.

Now, to suppose that for the sake of gratifying a little malice against the retail coal dealers, who are our own customers, we would let a car be detained on the road and block up our business to prevent the consignee getting five tons of coal, is so ridiculous that the very smallness of the complaint should entitle it to contempt. To detain a car twenty days means to lose seven trips by it; means to lose the carriage of thirty-five tons of coal, which, at two dollars per ton, would be seventy dollars. To throw away seventy dollars out of our receipts for the purpose of making ten cents a ton on five tons that we may be able to retail, is to suppose that for the purpose of gaining fifty cents we would throw away seventy dollars! We do not stop our profits at the spigot and let them run out at the bung-hole in that way. Let me tell you what will cause detention. An accident causes detention for the greatest length of time. If the accident to a car is such as to require it to be unloaded, then the detention is but for a few days, because the coal is taken out and put into another car and sent down the line; but it necessarily involves the detention of a day or two, because the accident may happen at a place where there is no empty car. You cannot stop a through train of cars and take an empty one out of it, because the through trains are manifested to the end of the line. You must take the broken car to some place where an empty car is standing. But if the accident to the car is not such as to involve a complete repair, the coal is left in till the car is repaired. The body of the car may be safe, but a wheel may be broken, an axle may be injured, or a box may be hot,—all that can be repaired with the coal in the car; and it is left in until the car is repaired, which may take two or three weeks. You have seen the repair-shop of the

company with fifteen or twenty sidings leading into it. If when the car comes to a siding, that siding is empty, the car gets into the shop at once; but if it comes there when there are fifty cars upon the siding, it must wait until the other fifty are repaired. It may take a month to do this. The consignee does not get his coal the next day, but he can telegraph for another car load. We cannot select for repair the broken cars that are in the shop containing coal. It is cheaper for the consignee to duplicate his order by telegraph when his coal does not arrive, and get another car load to take the place of the one which is delayed.

A great many cases of detention occur from lost consignments. A manifest may be lost. One car may be sent to a particular dealer, and it may be the only one; there is a special ticket for it; the conductor of the train has all these tickets, and he may lose one of them.

We have an agent who is called the missing coal agent, and you would be astonished at the amount of the business that passes through his hands. A car comes down and the conductor loses the ticket and the name of the consignee. What shall be done with the coal? It is sold instantly to somebody at any price; the car must be gotten off the road. It may take a week or two weeks to find out who sent the coal, and to whom it was consigned. The moment it is found the consignee is paid for the coal, not at the price for which it sold, but at its real market value. We must sell it to get rid of it. We cannot let it remain on the road. One car would block up the whole road. I believe the problem of passing two trains on a single track has never yet been satisfactorily solved; and when one car is in the way on the track it blocks the whole trade.

Let me call your attention to the small number of these complaints. In the two years of 1873 and 1874 we carried two million seven hundred and fifty-nine thousand and seventy-three cars; and the total number of cars complained of, giving to the complainants the benefit of every one, is only seven hundred and ninety cars,—that is three one-hundredths part of one per cent.; and when you take out of those seven hundred and ninety the one hundred and forty that were detained less than five days, you have only six hundred and fifty cars detained over

five days, or about the twenty-five one-thousandth part of one per cent. of the entire traffic. Was there ever a corporation that showed such a clear record? With every retailer up in arms against us; every one injured in his business by our action; with the factors joining forces, and the labor reformers connected with them; with the process of the Commonwealth in their hands to enter every man's office and every man's house, and subject the owner to an inquisitorial examination of his business,—many of them glad and eager to testify if they could,—out of the whole you have got the twenty-five one-thousandth part of one per cent. of the business done that was not delivered within five days. My friend Mr. Lane read off from the statements we had furnished him the number of cars of coal detained from individuals for from five to thirty-three days, which roughly altogether amounts to five hundred and fifty at the utmost, but he said nothing about the two yards of the Coal and Iron Company; and since his speech of yesterday I have had the statements of the Coal and Iron Company's yards examined, and in the yard at Ninth and Girard Avenue, which has only been in operation a short time, four hundred and twenty-three cars were detained over five days, and in the yard at Ninth and Berks streets one thousand and seventy-six cars were detained from five to twenty days: so that in the two yards of the Coal and Iron Company, whom we are charged with having favored, the amount of cars detained over five days is nearly three times the aggregate of those detained for all the retail dealers put together. Where can there be a clearer record than this? What better evidence can you have of the truth of the statement that was made to you upon oath, that wherever the officers of this company discriminated in any respect, the discrimination was against the Coal and Iron Company and in favor of individuals?

I knew very well that when we entered into the business of retailing coal and became the rivals of the coal dealers, that a clamor would be raised against us, and I was particular to make it my duty to give express orders to everybody who had any of the business in his charge,—the more especially as I was absent a greater portion of the two years,—to see that in no case whatever should any discrimination be made in favor of the Coal and Iron

Company. True, the Coal and Iron Company often had coal in its yards. The company's yards would hold one hundred and thirty thousand tons, and another man's yard would hold twenty or thirty cars; so that we might go without cars for a month and have coal in our yards all the time.

I come now to a subject which I do not know whether I ought to touch upon, and that is the subject of short weights. I think our friends have heard a great deal about this lately, and may, perhaps, be tired of it; and yet it is the charge made against us, which, from its very littleness and meanness, makes me more anxious to remove from your minds and from the minds of the public any impression that we have descended so low as to be guilty of giving false weight. Do you believe that all the energies of the company have been devoted to making money by robbing the community of retailers of twenty-one tons of coal, the net value of which, at two dollars a ton, was forty-two dollars? Why, gentlemen, when I tell you that if we added one cent per ton to the transportation charges of the Reading Railroad it amounts to sixty thousand dollars per annum, you can see that if we want money from the public we can take it boldly and put an additional cent on our tolls. A cent will give us sixty thousand dollars, and a half cent will give us thirty thousand dollars; a tenth of a cent will give us six thousand dollars, and the one-hundredth part of a cent per ton will give us six hundred dollars, or fifteen times as much as we are charged with stealing by giving the retailers short weight! Why, if we want to steal, we will take a pistol and go on the highway, and do it boldly and in a manly manner. "A false balance is abomination unto the Lord, but a just weight is his delight;" and we do not intend to render ourselves amenable to any law, either of God or man, for the sake of getting a paltry forty dollars in two years. We have shown you the correctness of our scales; we have shown the care taken with them; whether we weigh when the car is passing along slowly, or when it is stopped, is a matter of no moment, for the reason that whether a car is moving or standing still, it weighs exactly the same—there is no difference whatever. A car moving slowly over a scale will weigh on every part of that scale, to

the very ounce, exactly the same as it will weigh if it is standing still. Indeed, the protection of the public is to have it weighed when it is moving, for the reason that in order to stop it the brakeman has to hang upon the brake; and in the hurry of business it may happen that we weigh the brakeman along with the coal, and the people who buy coal do not want to buy brakemen by the ton. But if it moves slowly there is no other weight than that of the coal. One of our friends objected that on one occasion we weighed the hind legs of a mule for him. Well, gentlemen, if the hind legs of the mule were on the scale, the hind legs of the car were off it, and I, as the consignee, would rather pay for the coal by the weight of the mule than by the weight of the car.

What, then, are the causes of short weight? In the smaller sizes of coal the cause is leakage. The boards of the car may warp; there may be a knot-hole; the doors of the car which should be drawn up by the man who loads it may not be closed, or in drawing them close and believing he has got them tight, he may be mistaken, and a little piece of coal may be between the lids of the doors and prevent them closing. The man shuts them with a lever or a wrench, working on the outside of the car; he winds up the doors and a piece of coal may be between them. If that car is loaded with chestnut coal or pea coal, or sometimes small stove coal, a great deal of it will leak out before it reaches Philadelphia.

Accidents are a great cause of short weight,—not only an accident that results in destroying the car, but a simple collision which throws the coal off. I have seen cars coming down the road in which the coal was thrown forward against the car, so that it had evidently run over the front end, whereas at the rear end it was a foot from the top. If an engineer coming down the line sees an obstruction in the road, the shutting off of steam and throwing the weight of the engine against the train,—the mere attempt to stop the cars even when going only at the rate of ten or twelve miles an hour,—will throw small coal forward and throw it off. In addition to this there is a great deal of stealing. I do not know how many hundreds of the industrious population of Philadelphia live off the Reading Railroad

Company by stealing coal. We cannot in all cases prevent it. I have myself seen women sitting on a bank beneath which the railroad passed, armed with long rakes, as if they were coming from the harvest field, and as the cars passed they raked the coal off by bushels, and, when the cars were gone, sent their children down to gather in the spoil. I have seen men jump on the cars and kick off coal with their heels, to be gathered up for the winter's fuel. It is a little business; it seems hard even to prosecute these poor people for doing it, but we are obliged to do so in order to stop the offense. The property is not ours; it is in our custody, and we have to do all we can to prevent stealing.

The records of the courts in Philadelphia, Harrisburg, Reading, and Pottsville will show the number of prosecutions we have brought for no other purpose than to stop this pilfering of property committed to our care. But we have, as you have heard, an inspector who inspects all coal as it reaches its terminus; and if there is any evidence of short weight we allow it to the consignee without the parties asking for it. It is allowed them, entered upon a book, and the amount paid to them. The charges of short weight (I think there were eight or ten of them made by some of the retail coal dealers) were made after they had dumped the coal. They made the allegations themselves, without any inspection of ours, without any person representing us being present; and in such cases we refused to pay, although in one or two instances, I believe, the matter was adjusted. But you will bear me out, that in every instance where any complaint was made before the car was dumped, the matter was investigated, and if the allegation was found to be correct, allowance was made for it.

I need not again refer you to the smallness of this charge; but I want to call your attention to one thing which was commented upon by my friend Mr. Lane, to show the manner in which the scales at the mines were used. He alleged that the fact of there being a discrepancy between the scales at the upper end of the line and those at the lower was an evidence that our scales were wrong. We are never given credit for any good action. Even our very virtues are held to be crimes; and the

liberality with which we weigh coal at the mines is made use of as an evidence of our rascality. When we were in the habit of allowing five per cent. for waste, the instructions were to weigh accurately, and the five per cent. was the allowance for waste. When the five per cent. was taken off, the instructions were to weigh liberally—the object being to make at the scales a sufficient allowance to cover ordinary waste. We weigh liberally at the upper scales in every instance. At Richmond, out of four million three hundred and fifteen thousand tons there is a gain of one hundred thousand tons; and our friends say that that shows that one of the scales is not right. It shows no such thing. It simply shows that in weighing the coal as it leaves the mines, we weigh with sufficient liberality to allow for the waste and the dirt. So in our own retail yards, out of one hundred and eighty-five thousand tons received there was an excess of one thousand six hundred and fifty-three tons. I only mention this to show that the rule is to weigh liberally at the mines.

And now, gentlemen, I want to call your attention to something in this connection. You have seen these retail dealers before you, many of them men of considerable intelligence, and active business men. There was not a man of them who did not have evidence on the subject which would have been conclusive if the charge was true. In our own case we showed you the working of every retail yard; we showed from our books the total number of tons coming in, the total number of tons going out, the number of tons of slate sent out, the number of tons of dirt sent out, and the number of tons of screenings sold. We showed a full, fair, and open exposition of our business; and that which we showed in our case it was within the power of every man who attacked us to show, and the fact that not one of them did show, is conclusive against the allegation he makes. They come here and swear, one after another, to a general deficiency in weight. I ask “Where are your books; did you make out a statement of the number of tons sold?” The answer is “No!” I ask, “Will you do it?” and the reply is “Yes, I will try to.” So it was with one after another, but we never have got one such statement yet, and we never will receive one. Will you tell me that the books of a man who sells

seventeen hundred pounds for a ton will show that he sent out less tons than he received? I do not care if he swears to it until he is blue, I will not believe it. Why did they not produce the record of the business? The rule of evidence is, that he who alleges an offense, and has within his power the means of proving it by the best proof that is known to the law, and fails to produce that proof, is convicted by his own acts. When these people—active business men for twenty years in Philadelphia—come to you with an allegation of short weight, and being asked to produce their books and show that the number of tons sent out was less than the number of tons received,—being invited and requested and directed to do it, and yet fail to do it, and actually withhold the evidence in their possession,—there is not one word of their testimony which can have any weight with you in determining the truth of their allegations.

I now come to what may be called the humorous part of this complaint. I do not know that I ought to say anything about it at this time; I have said enough on the subject before, but I feel inclined to go a little further. These gentlemen measured us by their own standard—they weighed us upon their own scales. They constructed the Procrustean bed upon which they laid us, to determine whether we were of the proper length; and when we were short they dragged us out, and when we were long they chopped us off, according to their own standard and to none else. *We tested them by their own weights.* We sent out and bought a ton, or two or three or four tons, from each one of those who made this grievous charge of short weights, the aggregate of which was the one five-thousandth part of one per cent. of our business. We sent and bought coal from all those who testified. The ingenuous Mr. Spooner, who testified, I think, that we had bribed the legislature, or something of that kind, only gave seventeen hundred and thirteen pounds to a ton. He sold at eight dollars a ton; so that a man purchasing from him paid one dollar and eighty-eight cents for coal that he did not get, or equivalent to *ten dollars* a ton for the coal he actually received. He complains that we are driving him out of business. I should think it would be a grievous thing to Mr. Spooner, because the average of his overcharge for short weight is one dollar and thirty-four

cents per ton ; and as Mr. Spooner sells six thousand tons a year, he derives a clear income, over and above the ordinary profits on coal, of eight thousand dollars a year for coal that he does not deliver. Why, he does not want a coal yard ! He makes more money out of what he doesn't give than out of what he sells ! The more we detain Mr. Spooner's cars, the better for him ! Bless his innocent heart ! If we send him ten cars containing fifty tons and keep two of them back for a few days, the other eight cars will weigh sixty tons ! Who has a better opportunity than he has to make himself whole ? Who can make a ton of coal go further than the immaculate Mr. Spooner ?

Next on the roll of honor I come to my friend Mr. Hancock. I am sorry he is not here, because I understand that Mr. Hancock says he intends to knock me down if I abuse him, and therefore if he was here I would be obliged to be very careful. Perhaps it is well for me that you came to New Jersey, because they have a very wholesome method of administering criminal law in New Jersey ; and the fighting members of the Retail Coal Dealers' Association must show their prowess upon other soil. I see that our pleasant friends, the Messrs. Branson, alone appear in New Jersey, and they will not be led into any indiscretion such as that contemplated by Mr. Hancock. Mr. Hancock, you will observe, is more liberal than Mr. Spooner. He has perhaps not learned the intricacies of trade. He gives from eighteen hundred weight to nineteen hundred weight for a ton ; but then he is a candidate for the Senate, and he has to be liberal to his constituents ! Mr. Spooner is already in office : he is a deputy sheriff ; but Mr. Hancock is only a candidate. The difference between Mr. Hancock and Mr. Spooner on short weight is equal in money value to nearly one dollar per ton. Spooner being already in office, gets a dollar more for what he does not deliver than Hancock does. What Mr. Hancock will do after he has secured his position as senator the Lord only knows !

SENATOR WAREAM.—The implication is, that he is preparing himself to fill the position.

MR. GOWEN.—Well, Mr. Hancock testified on the stand that he had been endeavoring for three years to live down the reputation that he made in the House of Representatives, and he is

now qualifying himself for admittance into the graver body by giving eighteen hundred weight for a ton to those from whom he expects votes! How far you, gentlemen of the Senate, will consider that this entitles him either to admission to or expulsion from the body, I leave you to determine. At all events, I have to say, that when the question of his fitness for entrance into that deliberative assembly comes up, the evidence which I have on the subject of his capacity will be laid before you whenever you desire its production.

The average profit of Mr. Fleck is eighty-one cents a ton for the coal he did not deliver.

Let us go over these three or four cases. Mr. Spooner derives an income of eight thousand dollars a year from coal that he does not sell. He sells six thousand tons a year. He makes one dollar and a half a ton on that. That is nine thousand dollars. He makes nine thousand dollars on his business legitimately, by getting good rates for coal, and then he makes eight thousand dollars on the business that he does not do; therefore the less he does the better he is off. But an income of seventeen thousand dollars clear profit is paid to him by the citizens of Philadelphia for selling six thousand tons of coal per annum, each ton of which weighs in his own scale seventeen hundred and thirteen pounds.

The liberality of Mr. Hancock has enlarged his business and he sells fifteen thousand tons a year, and hence he derives an income of six thousand dollars a year for coal which he does not deliver. Mr. Fleck sells four thousand tons and receives thirty-two hundred dollars a year for nothing. Messrs. Wagner & Singley sell seven thousand five hundred tons a year, and consequently at eighty-two cents a ton receive an income of six thousand dollars a year for nothing.

These are the gentlemen who are complaining against us, and these are the four who, as my friend Mr. Lane said, testify with the greatest vigor. I have heard it said that it was a remarkable thing that the Almighty had always in this continent located the great rivers beside the great towns. The usual impression, however, is, that the towns were put near the rivers; and when my friend assumes that our witnesses made Mr. Hancock's coal

run short because he had testified with great vigor, I have to answer that by saying that he testified with great vigor because his coal ran short. I have been a district attorney, and have had considerable experience in the criminal courts, and the result of that experience has convinced me that a man who will steal will not hesitate to lie; and I think the testimony of a man who gives one thousand seven hundred and thirteen pounds for a ton is not quite so *weighty* as it would have been if he had given two thousand two hundred and forty. I cannot help recalling the appearance with which these gentlemen took the book, or, rather, with which Mr. Spooner took the book, because Mr. Hancock assumed the position of a Quaker,—conscientiously opposed to taking an oath of any kind. Consequently he was affirmed; and being conscientious on the subject of oaths, his first answer to one of my questions was, “That’s a damned lie!” Spooner and Hancock, *par nobile fratrum!* are the representatives of the retail coal dealers. I leave them to occupy the position in which they have placed themselves. I believe that “Honest Joe” would be just as bad as Spooner if he was not a candidate for senator, but I am bound to give him the benefit of the doubt, and therefore I must say that Mr. Hancock derives less income from what he doesn’t do than Mr. Spooner does. I should like to make an investigation of his weights, however, after he has succeeded in being elected to the office to which he aspires.

I was very much amused at the effort made by my friend Mr. Pettit and his client Mr. Hancock, to get away from the effect of this testimony. Mr. Hancock and Mr. Pettit say:—“Well, this coal is bituminous coal; it is Lykens Valley coal.” Fortunately we have got the bill for the coal, and it is charged as Lehigh coal. If Mr. Hancock can only get rid of the offense of giving short weight, by proving that he sells bituminous coal as Lehigh, I do not think he retires with much honor from the contest.

Then my friend Mr. Pettit suggested that slate was lighter than coal—it happens to be heavier; but I do not see how that makes any difference. I cannot for the life of me see how a ton of feathers will weigh any less than a ton of lead, and I have

been trying to get it through my head ever since I started. I do not see what the bulk of a thing has to do with its weight. Two thousand two hundred and forty pounds make a ton. I admit that the ton of feathers will fill a larger space than the ton of lead; but if Hancock cannot get a ton in his cart, why doesn't he get bigger carts, or why doesn't he sell three-quarters of a ton? Is that any justification for the manner in which he does business? Ah! I fear very much he is not a Joseph.

But my friend Mr. Lane referred yesterday to a letter of Mr. Bell, in which, in answer to a complaint of short weights, he said that it was unfair to weigh coal in any other manner than by taking the car and running it over a scale. Mr. Bell meant that it was unfair to weigh coal in his absence by several drafts upon an ordinary platform scale without his being there to see to the tare; but how it can be unfair to get a weigher of Philadelphia, on a beam scale that will register almost an ounce, or a quarter pound at least, and who lays a canvas on the ground and dumps the coal in it, and then picks up the coal and dirt and weighs everything—how such a test can be unfair I cannot see. After all this was over, however, my friend Mr. Pettit said:—"Well, this matter of short weight was only an incident in this case." Three hundred and thirty pages of this great book taken up with the subject of short weights, and then when my friend's ox is gored, he says "it is only an incident." There is a profane tradition that has existed for many years, that a certain man during the deluge, on being refused by Noah entrance into the ark, said that he didn't believe it was going to be much of a rain after all. So my friends who started out with this investigation and had the eyes of the Commonwealth upon them, sustained by such magnificent supporters as Joe Hancock and Bill Spooner, who swore the case right through as they went along, valuable clients, who say to their counsel, "You look out for the law, and we will furnish the facts"—with all these advantages, "this is only an incident." I think it is something very much like the incident that occurred to the fox who couldn't get the grapes.

Out of two hundred and thirty-nine retail coal dealers, fourteen firms testify against us. All are opposed to us; that is to

say, they all dislike the innovation we have established in Philadelphia. A great many of them are honest and upright men, and would scorn to do a wrong even if they had suffered an injury; but out of all of them, with all the disposition to get us out of the business, only fourteen firms testify. Of course I count Mr. Hancock, Mr. Ashbridge, and Mr. Fisher, all members of one concern, as one firm. There were sixteen or seventeen witnesses. I will venture to say there was not a retail coal dealer in the city of Philadelphia whose place of business or whose house was not visited for the purpose of ascertaining whether he knew aught against us. I had letters from some of them, during this investigation, saying that they had been subpoenaed, that they had nothing against the company. I replied, "Go tell all you know; we shall not think evil of you if you know or tell anything against us." But when it is considered that with all this to induce them and excite them to action, they could get but fourteen out of two hundred and thirty-nine, I think you will admit, gentlemen, that the subject is not of sufficient gravity to occupy your attention any further; I therefore dismiss it from my mind, as I believe it will be dismissed from this case, and I only ask to bestow upon my friend Mr. Hancock and my friend Mr. Spooner the parting admonition, which I will ask them to remember hereafter, that "He who walketh uprightly, walketh surely, but he that perverteth his ways shall be known."

I come next to the charge of the unequal distribution of cars. There was hardly anything said about it in the argument, and it is probably not worth my while to refer to it. I only know that after getting through with the retailers in Philadelphia, and then having a test of what the coal miners and operators would say, by calling them inadvertently and having them turn out to be the best witnesses we could have produced on the stand, our friends got very sick of Philadelphia, and, as I am told, it was determined in conclave by the retail dealers that Philadelphia was not the place to make the investigation. "We must 'beard the lion in his den.' We must go right up to Pottsville. The newspapers in Philadelphia are not worth anything; they are all ridiculing us; they are all in the inter-

est of the company. Let us go right to Pottsville. And as for Mr. Gowen, he will not venture ten miles out of Philadelphia; if he does, he will be shot by the miners. We will take the committee where everybody is opposed to the company." Well, gentlemen, it was just where I wanted you to go. Our adversaries had two weeks, and then there was an adjournment of nearly ten days more, in which to prepare for the Pottsville campaign.

Mr. David Branson moved his headquarters to Pottsville; he established himself in Schuylkill county; he placed himself in confidential communication with all who were supposed to know aught against us. It happened that we had just gone through the long strike; we had discharged quite a number of our operatives, and it was supposed this would bear terribly against us. Your committee met at Pottsville, and what was the result? Our own officers were examined and they gave us a character of which we can well be proud. You saw them on the stand; you know how they testified. Our friends abandoned their allegations, but called two or three discharged employees, whom they had subpoenaed. With all the disposition that a man discharged from his employment has to say something bad against his employer,—I speak it now to the honor of these men,—they said not one word on the stand to reflect upon us in any manner whatever; and our gallant retailers determined after a few hours in Pottsville that they would not examine any more witnesses in the coal region, and we came back to Philadelphia. The result of that examination must have convinced you that if there is anything in the business of the company that is done honestly and fairly, it is the distribution of cars. It was made a subject of study by my predecessor for some years. The system which he devised has been followed rigorously since. Every colliery is rated at its capacity, every man receives his proportion of cars. If there are five thousand cars and the calls are five thousand, every man gets one hundred per cent. If the cars are five thousand and the calls are six thousand, every man gets eighty-three and one-third per cent. If the calls are six thousand and the cars only three thousand, every man gets fifty per cent. Nothing is, nothing can be, fairer than this.

Now, I want to say to you that the amount of percentage has nothing to do with the capacity of the road. The less business done, the higher is the percentage of cars, as you will see at once. In the winter, when very little business is done, every man gets one hundred per cent. In the month of October last we shipped over nine hundred thousand tons, and yet the percentage was much less than one hundred per cent. You see what I mean. It does not follow because there is a large business that the percentage of distribution is high. People call for more than they can load; their rated capacity they can hardly ever keep up to. It happens that the largest business is done with the smallest percentage, and the largest percentages are sometimes given with the smallest business.

There is one thing connected with the subject of car distribution that I desire to advert to, and that is the rule recently introduced, of giving to a man having more than one colliery, at any one time, the amount he is entitled to have at all. Nothing can be fairer. Take two men, one of whom has a colliery of fifty thousand tons, and the other two collieries of fifty thousand tons each. The one may be entitled to fifty cars a day and the other to one hundred; but the latter is not entitled to one hundred unless his collieries are working collieries and in operation. In times of scarcity he can stop one colliery and get all his cars for the other. But suppose he does not, the other man gets no more cars. A man cannot have a colliery idle, not doing anything, and then in times of scarcity ask for an allotment for that idle colliery, which has never been working. But in the times of these scarcities—and they never exceed more than a few weeks—he can, if he chooses, stop one of his collieries and take the cars for both at the other; nobody is injured by this, though he is benefited. The man who has but one colliery at a time has not the same advantage; but every colliery will hold in its chutes more coal than is produced in a day. Therefore, the man who has only one colliery has no other resource than to call for his number every day, and stop every other day in working. He saves half his expenses and works every other day full. But if the rule was abolished, no good would result to the man who had but one colliery.

[At this point the committee adjourned till to-morrow morning.]

JULY 30th, 1875.

The committee met pursuant to adjournment.

MR. GOWEN resumed his argument, speaking as follows:—

MR. CHAIRMAN AND GENTLEMEN:—At the close of yesterday's session I had gotten through with that part of the argument which I intended to devote to the special charges of short weight and car detention brought against us by the retail coal dealers. It is true that these charges occupied a greater share of your attention and that of the public, when they were being made, by the evidence adduced before you, than they did in the argument of my friend who preceded me, Mr. Lane, and who really spoke of them in an incidental manner, as if they were only what his colleague Mr. Pettit had called them,—an incident of this investigation.

I now come to the charge of unlawful confederation, or conspiracy, which is alleged against us. It must strike you, who are members of the legislature and who make the laws, but who do not execute them, as being very remarkable, that a committee of the law-making power is asked to investigate a charge of actual crime. Why do they not indict us? If we are these conspirators,—if we have rendered ourselves amenable to the criminal law of the Commonwealth, the courts are open to our adversaries; and courts and juries are only too prone to find verdicts against corporations. If my friends on the other side desire to send me down to Moyamensing, I am at their service at any day or hour of the week, and will respond to the charge without the necessary preliminaries of an affidavit and warrant. I have no doubt a vast crowd of admiring retail coal dealers would be collected along Walnut street to see the triumphal procession, headed by the president of the Reading Railroad Company, on the way to a magistrate's office, and from thence to the gloomy walls of Moyamensing prison; and to such spectators it would probably be one of the most delightful episodes of this investigation, if such a procession, headed by myself, could be formed. Now, I assure my friends that we are ready to respond to the call of the district attorney of Philadelphia or of Schuyl-

kill county, or in any of the counties of the Commonwealth in which this conspiracy has been formed, or in which any act done in pursuance of it has been committed; and, fortunately for them, our friends have the opportunity of indicting us in any one of ten or twelve counties, and they can select that one in which the juries are supposed to be particularly averse to corporations. With all this field before them; with the criminal laws plainly written; with the courts of Pennsylvania open for the administration of criminal justice; with the magnificent opportunity they would have for putting the president of a large railway company in the prisoner's dock and sending him to the penitentiary,—why should you, who make the laws, be asked to go through a preliminary investigation in order to find whether we have rendered ourselves amenable to your penal statutes? If we have done so, in God's name let us be indicted; let us be punished by fine and imprisonment; and let this unlawful confederation and conspiracy, which has been the burden of my friends' complaints, be held up to the scorn that it deserves, if its authors have transgressed the laws of the State from which they derive their power.

This unlawful confederation or conspiracy is supposed to have been brought about by the coalition between ourselves and the New York companies—by the formation of the Schuylkill Coal Exchange—and by the stoppage of the production of coal; and I now desire to call your attention to these subjects in detail, and in doing so I will, I think, carry out the promise I made to our friends on the other side, by telling them more of this confederation and conspiracy than they have been able to get from any witness examined upon the subject. There was but one witness who knew anything about it except from hearsay, and that was Mr. Parrish; and here I ask you to look at this peculiarity of the case. A conspiracy is charged; an unlawful confederation, unlawful in its confederation, and formed for an unlawful object; such a confederation as courts darkness and hides from the light of day; such a confederation as, if it exists, shuns the public investigation and public examination; and though we were told how difficult they supposed it would be to prove it—how troublesome it was to find out by any other than one of the

conspirators himself the acts of this confederation,—yet when one of the chief conspirators was called to the stand, he was simply called to testify to the fact that the public newspapers of the country had contained everything connected with this subject, and that we had published it ourselves, and published it to the whole world. Everybody knew all about it. There never was a trade combination, there never was an association of industrial pursuits managed by a committee, the proceedings of which were more public than those which our friends animadvert upon. From Alpha to Omega, from the beginning to the end, not only the object of this conspiracy, but the very detail of the manner in which it was to be carried out, was spread broadcast before the people of this country. If our friends want an investigation to detect and expose a conspiracy, why ask this committee to spend three months of its time to investigate a state of facts that had been published for two years? Upon the subject of confederacy, upon the subject also of the ownership of stock in the Coal and Iron Company, by the Reading Railroad Company, which are the only two grave offenses charged against us now, the reports of the Reading Railroad Company and the public press of the State had for years contained all the information which has been laid before you; and it must appear to you to be remarkable, that an investigating committee was ordered and that witnesses were summoned for no other purpose than to prove the truth of the assertions which we ourselves had made to our stockholders, and to repeat the facts which we ourselves had furnished to the public prints.

I go now, first, into the confederacy with the New York companies. I shall use the word “confederacy,” or “combination,” or any word which is most offensive to the law, to please our friends on the other side. Names imply but little. I want, first, to call your attention to the manner in which the coal trade of Pennsylvania had been managed for twenty years before this alliance with the New York companies was formed. You have it in evidence that there were two classes of business, as it were,—one the line and city trade, and the other the trade which went to tidewater for shipment. It had been invariably the case that the better kind of coal, or rather that which was the

better prepared, had gone to the line and city trade, and that about which the least care had been taken, which was treated as simply the surplus or over production, which was difficult to sell, had been sent to tidewater for shipment abroad in competition with the coals of the New York companies. The result of this was, that while prices were fairly maintained in Philadelphia and in Pennsylvania, and while people there paid a fair price for their coal, and sometimes a very high price, the keenness of the competition was so great that the manufacturer who smelted iron ore in the harbor of New York bought his Pennsylvania coal at a dollar a ton less than the man whose furnace was located in the valley of the Schuylkill. How long would it have taken for such a system to destroy the manufacturing industry of the State of Pennsylvania? Why, gentlemen, when I became the president of the Reading Railroad Company it was the habit, and it had been the habit for years, and it was continued for one or two years, because it was impossible to get rid of it at once,—it was the habit to allow as much as a dollar a ton drawback at Richmond upon the coal that was sent out of the borders of the State. The man whose furnace was located in Philadelphia or along the line of the Reading Road paid two dollars for his freight, and the man whose furnace was located in the valley of the Hudson got that freight for a dollar a ton; and it was simply on account of this competition between the New York companies on the one side and the Reading Railroad on the other, to find a market for the surplus coal. Manufacturer after manufacturer located along the line of our rails came to me to complain of this injustice. They said, “How can you expect, Mr. Gowen, to build up the trade of your own region if you permit such a policy to be carried out as will give to our rivals, located in the principal market of the country, on the waters of New York bay and the waters of the Hudson, the power to buy the coal which passes our very door and goes one hundred miles further, at a less price than you charge us?” No answer could be made to the complaint; it was unanswerable. There never was a system so unjust; there never was a system which would have worked more ruin and injury to the very people of Pennsylvania, whom it was our duty, as I am sure it will be your pleasure, to protect.

The coal that went to these competitive points, as I have told you, under the fostering care of my friends the factors, was not always in the very best condition. It was very well known that Schuylkill coal in the markets of New England and New York had a very bad reputation. A man having a very good colliery in the Schuylkill region at which he prepared one hundred thousand tons of coal, would sell eighty thousand or ninety thousand of it in Philadelphia and along the line of the road. He had to have a market for his surplus; it might have been ten thousand or it might have been twenty thousand tons per annum. It was a well-known coal; it had a good reputation. A factor took hold of it and announced himself as the selling agent for this particular kind of coal; and when he got ten thousand tons a year from the colliery which had a reputation, he sold one hundred and twenty thousand under the same trade designation; that is to say, he bought one hundred and ten thousand tons of inferior coals and sold the whole as the product of the good colliery. The result was most unfortunate, not only to the owner who had the good colliery, but to the purchaser who bought upon the reputation of the coal. The Reading Railroad Company was interested in building up the line of its road. A sum of twenty or thirty, or forty or fifty cents a ton, more or less, in the price of coal, amounted to nothing compared with the profit it would derive from having that coal burned in the process of manufacture on the line of its own rails. The Phoenix Iron Company, located at Phoenixville, which has just built a rolling mill which, I believe, with one or two exceptions, is the largest in the world, was for sometime considering the propriety of moving its large works from the valley of the Schuylkill and locating them on the waters of the Hudson; and it was only when that company saw that the policy of the Reading Railroad Company was to make coal cheaper the nearer it was to the mines, and to increase the price with every mile of distance it was transported, that they determined to remain where they were, and to expend from one million dollars to one million three hundred thousand dollars in the erection of an establishment that will employ hundreds of men and produce one hundred thousand tons per annum of finished iron.

I could go over the whole line of the road from beginning to end, and I could show you this same state of facts. I could take up the statistics of the iron manufacturers of the Hudson and show that at that great distance from the coal region the prosperity and the wealth and the industry of the State of New York were being built up, at the expense of the State of Pennsylvania, with fuel dug within our own Commonwealth, and of which our State had a monopoly. Why, gentlemen, look for one moment at this. Suppose by any arbitrary trade regulation you could say that there should be an export duty of one dollar a ton levied upon every ton of anthracite coal that left the borders of the State of Pennsylvania. I grant you cannot say this; I grant it would be in violation of the constitution of the United States; I grant that it would be probably unwise to do it, but what would be the result? Every man making iron with anthracite coal would locate his furnace within the State of Pennsylvania; and in ten years the population of the State would double. If all the manufacturing industry that uses anthracite coal,—if every furnace fire and the fires under every boiler lighted by anthracite coal were located in Pennsylvania, in order to secure the benefit of cheap fuel, how vast would be the increase of the wealth and population of our own great Commonwealth.

Our object in entering into this alliance with the New York companies was simply this,—to announce as the future policy of the company that the price of coal should be lowest at the mines and increase with every mile of distance over which it is carried; that it should be just that much higher in the city of New York than it is in the city of Philadelphia, as is due to the increased distance of the former from the region where the coal is produced. It is so adjusted now that instead of coal being a dollar a ton cheaper in New York, the difference between the price of coal in the port of Philadelphia and in the city of New York is exactly one dollar a ton in favor of Philadelphia; and coal in Boston is exactly so much higher than coal in Philadelphia as is due to the cost of carrying it from Philadelphia to Boston—namely, at present one dollar and sixty cents per ton. A man desiring to make use of Pennsylvania, and to locate within

her borders his manufacturing establishments to smelt the iron found beneath our hills, can locate his works now with absolute confidence that in the whole future the policy of the Reading Railroad Company will be to prevent any man who is at a point further from the mines from getting his coal cheaper than the man who is the nearer. That, I say, he can do with absolute confidence, unless the complaint of our friends, the retail dealers, is to lead to some action on your part, gentlemen, which will prevent our carrying into effect the policy which we have inaugurated.

Now, what is the New York combination of the six companies, or rather five of them,—for there is one of them which, although acting with us, may be considered only as an honorary member of our association? The confederacy is simply this,—to agree upon a price at which each will sell whatever coal goes to the competitive markets, which includes all coal reaching the Hudson river, all coal which passes from Philadelphia out of the capes of the Delaware, and all coal which leaves Philadelphia and goes through the Delaware and Raritan Canal. The price of such coal is fixed by a committee meeting monthly. That price varies with the season. It commences low; in truth, it commences at the opening of the season at a rate at which there is no profit in the coal at all. In other words, if the coal had to be sold at that rate throughout the whole season, in many instances it would net a loss to the miner. But the object of making a low price at the start and gradually advancing it during the season, is to secure such an average as will realize a fair price. There is, as you can readily understand, a great disposition on the part of persons purchasing coal to postpone their purchases as late as they can, for the reason that the coal is principally used in the winter, and hence the shorter time that intervenes between the date of purchase and the date of sale, the better it is for the man whose capital is invested in the business. The consequence of this has been that sometimes in the months of June and July we have had no market at all for coal, and have been obliged to stop production—everything has been blocked up; and in the months of September, October, and November there has arisen such a demand that we have been utterly unable to supply the amount required, and prices have

run up to an exorbitant extent. The result of this state of things was a fluctuation in values, which was ruinous to trade and injurious to the public. Now, however, the price of coal is so arranged that the difference in favor of the man who purchases early in the year is more than the increased interest he has to pay for carrying his product. It is, therefore, to the interest of many to lay in as early as possible. As we approach winter a demand always springs up, and thus we obtain a regular business throughout the year, which enables the collieries to keep running, enables the men to secure employment, and gives them, and will give in the future, steady work throughout the year, and prevent ruinous fluctuations in the market price of coal.

But, gentlemen, look at the advantage of this policy to the manufacturer. It makes but little difference to him if he pays twenty-five or thirty, or forty cents more or less for his coal, provided no rival in trade gets an advantage over him. If a furnace-man at Phoenixville makes a contract for his coal and pays three dollars and fifty cents a ton for it, he is amply protected by his knowledge of the fact that nobody else can get it any cheaper; but if one furnace-man can buy it for three dollars and fifty cents, and after laying in his stock, a rival can buy it at two dollars and fifty cents, the difference is one dollar and seventy-five cents in favor of the man who purchases last upon each ton of pig iron made by it. Hence, now every manufacturer is relieved from the fear of any rival having the advantage over him, and he can lay in his coal whenever he pleases.

Just here I desire to call your attention to a negative fact, which is of more importance than any positive one which has appeared. The Reading Railroad Company has a business which is in its character entirely a local business. It has no through trade like the Pennsylvania Railroad, the Baltimore and Ohio, the New York and Erie, and the New York Central; and yet it is a road whose receipts from railroad transportation alone are now, and have been for some years, greater than the entire railroad receipts of the Baltimore and Ohio Railroad, which is one of the great through lines of the country. Almost all of our receipts are derived from local business—from that business which, as classified by other railroad companies, is considered

local—as compared with competitive. We are the only company that is confined almost entirely to business originating on our own lines. We are brought in direct contact with the producer at the mines and with the consumer at the end of the line. Throughout the entire course of this investigation, from beginning to end, *not one single producer, not one single manufacturer, not one single consumer of coal*, has appeared before you to make a complaint against us. Is there any other corporation in the United States that could show such a record? What! investigate us to see whether we have abused or misused our franchise. Try to take away our charter from us because it is to the injury of the public! And who is the public? Three middlemen and fourteen retail coal dealers! “The public,” of course, “very large” and “very respectable.” The middlemen are the “respectable” portion, and the fourteen retail coal dealers are the “large” portion, of “the public.” It reminds me of the three tailors of Tooley street, London, who issued a proclamation commencing “We, the people of Great Britain!”

Let me dwell upon this for a moment. Abuse and misuse our franchises! We conduct our business to the injury of the public! Not one producer, not one consumer, not a single manufacturer, comes here to say aught against us. The doors are flung open; it is published throughout the length and breadth of the Commonwealth, that an investigating committee—an unusual thing—is appointed by the legislature of Pennsylvania to look into grave charges affecting the Reading Railroad Company. The retail coal dealers and the factors employ counsel. The process of the Commonwealth is placed in their hands. Every man is invited to say something against us. The tale-bearer and the eavesdropper and the discharged employee are interviewed for the purpose of seeing if they cannot be induced to say something to blacken our character. And at the end of the investigation and upon such testimony as has been produced, a committee of the legislature of Pennsylvania is asked to take away our charter because we have injured the public; and yet not one consumer, not one producer, not one manufacturer, has said aught against us; nobody has said a word against us but these three factors and these fourteen retailers,—the one class of which is prevented

from extorting forty cents a ton upon the coal trade as it passes through their hands, and the other of which, or some of their representatives, are deprived of the splendid privilege of selling seventeen hundred and thirteen pounds for a ton of coal. They appear as the representatives of the people of the great Commonwealth of Pennsylvania to ask you to take our charter away from us because Mr. Spooner cannot sell seventeen hundred and thirteen pounds for a ton any longer! Why, gentlemen, it is monstrously absurd. True, our friends did subpoena three or four gentlemen in Philadelphia who are interested in the production of coal, but they wished they had not. They had very much better have left them at home, as these three or four gentlemen interested in the production of coal, and factors as well though they were, gave us such a character and testified so certainly to the benefit which our policy had secured for them, rivals though they were, that we could rest this entire case upon their testimony alone and ask you not only for an acquittal, but ask you for some words which should be words of commendation for the manner in which we have conducted the business of the company, and for the benefits that have resulted from our policy to the two classes which alone deserve your attention—namely, the producer and the consumer.

Now, gentlemen, upon this question of the price of coal, it is not denied that at retail in the city of Philadelphia the price of coal is nearly a dollar a ton less than it has been before for many years. At the mines the price is from twenty to thirty or forty cents more than it was on the average just before we entered into business. I stand here now to say that it is not to the interest of the Commonwealth of Pennsylvania that any great industry within its borders should be conducted at a loss. We are just emerging from a great panic; the prostrated industries of the country are just beginning to lift their heads from the blow they received in September, 1873. It is but three weeks since we discovered for the first time that there was a demand for the cereal productions of this country which has raised the price of wheat fifteen or twenty cents a bushel. Gentlemen, it was like a God-send to the whole country. Twenty cents a bushel added to the value of wheat produced

by the farmers of this country has put the price of gold down three or four per cent. and made the paper currency of this country appreciate that much nearer to specie. I take it that in this respect there is no difference between coal and wheat. Anything which is either the perennial product of the soil, or which is taken out of the soil and exported, adds to the wealth of the country that produces it. The vein of coal lying in the ground is that much dead matter. When taken out it represents a dollar and a half expended in the labor market, and its real and intrinsic value is fifty cents per ton in addition, and that fifty cents per ton produced, as it were, from nothing, passes to the credit of the State of Pennsylvania in the balance-sheet of international or inter-state exchanges. If it is to our interest that the farmers who produce our wheat should get a good price for it, why should it not be to our interest that a great industry like the coal trade should be successfully prosecuted? Gentlemen come here and complain of twenty, thirty, or forty cents a ton added to the price of coal at the mines. Why, that is just the difference between the bankruptcy and prosperity of the entire coal region. Twenty-five to forty cents a ton added to the price of coal at the mines is just the difference between the prosperity of a great producing region and its absolute bankruptcy. Let the price of coal be ten cents a ton less than it costs to produce it, and every industry is stricken down in the coal fields; the man whose capital is invested in the mines fails; the men whom he employs look in vain on pay-day for their wages; his employer is sold out by the sheriff,—and unless the property brings enough to pay the lien for labor, the employees get nothing. But put up this price twenty-five to fifty cents, make the business prosperous, and you have a prosperous region and a prosperous community.

My friend Mr. Lane, the day before yesterday, made the most grievous complaint against us. He held us up to the withering scorn of the world, because, he said, that in the panic of 1873, when everything else was broken up and bankrupt, we were not. Why, gentlemen, he gloated over it as if it was a magnificent thing for the industries of Pennsylvania to be bankrupt; as if it was something that ought to occur every year; and as if the

intelligence and the ability which had saved a great region from bankruptcy were to be condemned and punished. Is he right? What would have been the condition of Pennsylvania, in the year 1874, if the coal trade had suffered with the bankruptcy of the monetary interest in 1873? The coal trade went on; men received their wages; merchants bought and sold; notes were met and bills were paid; and I do believe that the coal region, notwithstanding the prostration of other industries, was the only region in Pennsylvania that was not seriously affected by the panic. Was it to your interest, was it to the interest of the State, that it should be so affected? Was it to the interest of the State that the forty or fifty thousand men toiling to produce the coal should have had their wages reduced and probably on pay-day have a bankrupt employer to call on to pay them? Was it to your interest that they should look for the payment of their wages out of the proceeds of their employer's property after a long course of expensive and exhausting litigation? Or was it to your interest and to the interest of the State you represent, that these people should be paid promptly, and that the business should be conducted so as to yield some profit to those engaged in it? True, the prostration of the iron trade affected the coal trade; true, we did not have a market for our entire product, and there were times when we could send no coal, because everything was full; and that was the only loss the industry of the coal region suffered.

Now, gentlemen, if it is to the interest of the Commonwealth that ruinous competition should go on and articles be produced below their cost, then we ought to follow the example of the pig-iron manufacturers. Look through the iron-producing regions of Pennsylvania and you will see from two-thirds to one-half of the furnace-stacks out of blast, and in every iron mine along the valley of the Schuylkill you will see laboringmen—men of some skill, men able to mine iron ore—working for ninety cents a day, when in the coal region we are paying the lowest class of unskilled labor a dollar and a half, and our skilled miners are earning three dollars per day. Is it to the interest of the Commonwealth that those men should work for ninety cents a day, or is it to its interest that they should receive good wages?

Let me call your attention, gentlemen, to what you are all familiar with, and what has occupied a great share in the public attention, and that is the controversy between the Baltimore and Ohio Railroad and the Pennsylvania Railroad within the last two or three months. Was that competition a benefit to the public? We tried it; we tested it. Was it for the interest of the public that two great railroad companies should be fighting each other and carrying produce at less than one-half the cost of the service? Everything was deranged by it. The merchant who had laid in his stock of goods in Chicago based upon the ordinary charges for transportation, found his rival enabled to fill his store, owing to this sudden and excessive competition, at one-third of the rates that he had paid.

If the war between the Baltimore and Ohio Railroad and the Pennsylvania Railroad Companies had continued six weeks longer, it would have produced in the stock markets of the country a panic,—a panic almost equal to that which followed the suspension of Jay Cooke & Co. Had it continued longer, almost every foreign holder of the securities of these companies would have hurried them home upon our markets for sale. Can you conceive of the depression of values resulting from a vast quantity of shares and bonds forced upon your markets day after day and sold at a sacrifice? The time has passed when the legislative power of the State must say that such ruinous competition shall exist as will reduce the price of every article below the cost of its production. The commercial prosperity of a commonwealth depends upon the amount of money poured into its coffers from the products which pass beyond its borders.

Let me call your attention to another point. If this combination is an unlawful one, then every combination of the same kind is unlawful. The east and west freight lines of the country (the Baltimore and Ohio, the Pennsylvania, the New York and Erie, and the New York Central Railroad Companies—the four great east and west lines) meet by their representatives once a month, or periodically at some fixed time, and have been so meeting for years, for the purpose of doing just exactly what we do in the coal trade—for the purpose of agreeing upon a fixed rate of freights, to which each one shall adhere,

for the transportation of products between the East and West. They agree in many cases to a *pro rata* of distribution exactly as we do. We lived under it for years; and it was only when they abandoned this agreement among themselves and entered into the open warfare which has just closed, that we had a state of things existing in this country which excited the serious apprehension of every intelligent man.

There are, I may say, fifty trades—I have here a list of some of them—managed exactly as the coal trade is managed. Every pound of rope that we buy for our vessels or for our mines is bought at a price fixed by a committee representing the rope manufacturers of the United States. Every keg of nails we buy, every paper of tacks we buy, is bought at a price fixed by the representative of those who make the articles. Screws and wrenches and hinges are bought and sold exactly in the same way. We never buy a boiler-flue for our locomotives that is not bought at the trade price fixed by the representatives of the mills that manufacture it. An iron beam for your houses or your bridges is never bought except at a price agreed upon by a combination of those who produce it. With gas-pipe it is exactly the same. With fire-brick it is exactly the same. Every piece of terra-cotta pipe for drainage, every keg of powder we buy to blast the coal we mine, is bought under the same arrangement. Every pane of window glass in this house was bought at a scale of prices established exactly in the same manner. White lead, galvanized sheet-iron, hose and belting, and files, and numerous other articles of commerce, are bought and sold at rates determined in the same way. When my friend Mr. Lane was called upon to begin his speech the other day, and wanted to delay because his stenographer had not arrived, and I asked Mr. Collins, the stenographer of your committee, if he would not act, he said no; it was against the rules of the committee of stenographers; he could not do it. I said,—“Well, Mr. Collins, I will pay you anything you ask; I want to get off, and would rather pay you myself than have delay.” “O!” said he, “prices are established by our combination, and I cannot change them.” I would just here suggest to you a point of law, that under the new constitution you cannot pass a special law affect-

ing dealing in coal ; and if you strike down all these industries in Pennsylvania what becomes of the prosperity of the State ?

But now let me speak of the coal trade alone. There is hardly one item which enters into the cost of the production of coal that is not paid for by us or bought by us at the price and according to the rules established by a trade's combination that represents it. Every keg of powder that is blown off in the mine is bought in that way. Every piece of rope we use is so bought. Every keg of nails is bought in the same way. Every piece of pipe we use to conduct the water to our mines is bought at the price fixed by a combination. Every wrench and every nut and every screw that we use is bought in the same manner. And when we come to the price of labor, which enters more than anything else into the cost of coal, we are met by a combination, and are often obliged to pay the price established by that combination. But when, driven to the wall ourselves by combinations, we resort to a combination to resist those of others, and ask to be put upon the same category with those from whom we purchase supplies, we are met with an objection which is not made in any other case, and which we should not have met in this instance had it not been for the fact that we interfered with Mr. Spooner's selling seventeen hundred and thirteen pounds for a ton of coal !

But the coal trade is different from any other ; and I ask your serious attention to a few suggestions which I shall throw out to you in order to show you why the coal trade must be managed differently from almost any other.

In the first place, the bulk of the product is enormous. We transported the day before yesterday thirty-four thousand seven hundred tons ; yesterday, thirty-seven thousand one hundred and fifty tons. Thirty-five thousand tons of coal a day make a train *sixteen miles in length*, and such a train is coming down the road every day. We cannot hold such a product unless people are ready to take it—the bulk is so enormous. A furnaceman, if he has capital, can put his furnace in blast ; and upon a half-acre, or even a quarter-acre, of land, he can hold the product of two or three years. He can pile it up. It does not deteriorate. It represents his capital at all times. Further

than that, it is one of the best collateral securities he can have for borrowing money. But we carry in a week over two hundred thousand tons of coal; and ten days' production of our region will fill every available place in which it is possible to put the coal. Coal at the mines is worth about two dollars per ton. It cannot stand the cost of much handling. If you can run it on to trestles and dump it by gravity, it costs but a few cents to handle; but if you have to resort to expensive machinery for stocking coal, it will cost from twenty to thirty cents a ton to handle it, and the cost of handling and rehandling will take away all the profit.

Coal deteriorates by exposure to the atmosphere. It may last a year, and it may last in some cases only six months. There are some soft coals which will be injured in three or four months if the weather is very severe. You cannot store coal as you can iron or lead or the product of the loom, and you cannot hold it as you can hold the product of the soil. Therefore, after your storing places are full, there is no other place to hold it except the mine where nature placed it.

In addition to this there is the risk of capital invested in the trade. You have been in the neighborhood of Pottsville, at the shafts, of which I spoke yesterday, and you saw what will represent an investment of one million two hundred thousand dollars when it is completed. A defect in the gauze of a safety-lamp in one second may destroy it all; some indiscreet miner, going into a dangerous place with an open lamp in his hand, may cause an explosion which involves the destruction of everything. The spark of a passing locomotive may rest upon the frame structure of the breaker, and the whole structure may be enveloped in flames. There is hardly any business in which the risk to capital is so great as in the coal trade.

Again, we have faults in the veins; we cannot see them; we do not know when we may meet them. A man may have spent three hundred thousand or four hundred thousand dollars in opening a colliery. Everything may look prosperous; his improvements may all be of the first class, the veins all in excellent condition, the coal good, and instantly a blast exposes a rock-fault, and the labor of years may be lost. There is no other

business which is subjected to so many fluctuations as the coal trade.

And now, gentlemen, I approach a subject to which I desire to call your careful attention, and which I suppose I must touch as tenderly as such a subject can be touched, and that is the relation which exists between labor and capital. There is no region in the State, perhaps, in which disturbances occur more frequently. There is no evidence on this subject, I grant you; the matter was to some extent ignored in the examination; but it has occupied a large space in the public attention, and you, I apprehend, could not be doing your duty unless you heard from some or the other of us some statement in regard to these labor troubles.

It will not do to say that these troubles in the coal region result from the inadequacy of the price paid for labor, because I believe, without exception, the rates paid are the highest in the world. The high rates have had the effect of attracting to the coal region a surplus of labor, more than sufficient to do the work required; and it is the effort of this surplus to receive an employment which it cannot really get, that has led to all these disturbances. Do not understand me for one instant as reflecting in any manner upon the laboring class of the community. I say here, willingly and gladly, that the great majority—I believe ninety-five out of every one hundred—of the men employed about the mines in the coal region are decent, orderly, law-abiding, respectable men; but there is among them a class of agitators,—a few men trained in the school of the Manchester cotton-spinner,—men brought here for no other purpose than to create confusion, to undermine confidence, and to stir up dissension between the employer and the employed. I yield to no man living, in the respect and admiration that I pay to the workingman. Let him who will erect an altar to the genius of labor, and, abject as an eastern devotee, I worship at its shrine,—

“Gathering from the pavement crevice, as a floweret from the soil,
The nobility of labor, the long pedigree of toil.”

I ask your attention, therefore, for a few moments to my advocacy of the rights of labor. I stand here as the champion of the rights of labor—as the advocate of those who desire to work

and who have been prevented from doing so. I stand here to arraign before you a class of two or three men, out of every one hundred who, by their machinations and by their agitation, have held in absolute idleness and starvation thousands and thousands of men for months. Why, gentlemen, look at what we have undergone. When people object to a profit of twenty-five or thirty cents upon the ton of coal, I ask them to look at what those who mine coal have had to submit to during the last six months. I have had printed for your use a statement, from the daily reports coming to me during the strike, of the outrages in the coal region. Here I want to correct an impression that goes out to the public, that these outrages are intended to injure the property of the employer. They are not. We do not believe that they are. These outrages are perpetrated for no other purpose than to intimidate the workingmen themselves and to prevent them from going to work. I shall not read the list; it is at your service; and you can look over it and see the position we have occupied for months. But let me mention a few of the glaring instances of tyranny and oppression. At a colliery called the Ben Franklin Colliery, the employees of which were perfectly satisfied with their wages, had accepted the reduction early in the season, and were working peacefully and contentedly, the torch of the incendiary was applied to the breaker at night. These men, having families to support, working there contentedly and peacefully, were driven out of employment by a few dangerous men, simply for the purpose of preventing them from earning their daily bread. I had some interest in the subject of the amount of their wages, and I asked the owner of the colliery what his miners were actually earning at the time when they were prevented from working by the burning of the structure in which they were employed, and he told me that the lowest miner on his pay-list earned sixty dollars a month, and the highest one hundred and thirty dollars; and yet, although these men were peaceful, law-abiding men, they were driven out of employment by an incendiary fire. At another colliery, within five or six miles of this, a band of twenty or thirty men, in the evening,—almost in broad daylight,—went to the breaker, and by force drove the men away

and burnt the structure down. It belonged to a poor man. It was a small operation. The savings of his lifetime were probably gone, and his own employees, who had nothing against him, and who were perfectly willing to work, were thrown out of employment, and probably remain out of employment to this day.

It is only six or eight weeks ago that our men signified to us their willingness to go to work. They told us they were tired of the strike and wanted us to start our collieries; and when we did so, a band of five hundred or six hundred men appeared and drove them away from their employment with the exception of those at one colliery. And let me tell you, out of those five hundred or six hundred men there are not fifty to blame. A little band of ten or twelve men will start through a mining village and will by force compel every man they meet to join them; and against his will many a law-abiding man is forced by the risk of personal danger to join an attacking party and render himself amenable to the laws of the Commonwealth. There was, as I have said, one colliery at which work was not stopped; and never perhaps in the history of labor has there been such a case as that. We got notice of the threatened attack in time at only one colliery. We placed twenty-five armed men around the mines to protect their brethren who were working. They were armed with navy revolvers, and behind them stood men with sixteen-shooting carbines to hand to them when their navy revolvers were exhausted. That little band of determined men stood there for five hours facing an attacking party of five hundred; and under such protection, men were enabled to continue their work.

"In the sweat of thy face shalt thou eat thy bread," is the primeval curse pronounced upon mankind; and from many a lonely cottage throughout the land—by many a humble bedside, where Famine feasts her eyes upon the haggard faces of the poor, there rises up, night and morning, the earnest supplication, "Give us this day our daily bread;" but when the father of the starving family and the husband of the emaciated wife goes forth to earn his daily bread, he is met by the pistol of the assassin and the torch of the incendiary, and driven back to his home to starve.

Gentlemen, we meet next year to celebrate the centennial anniversary of the declaration of American independence. We expect to attract to Philadelphia a concourse of the citizens of the whole world. We shall point with gratified pride to an empire built up under republican forms of government. We shall show them an asylum where the abject and the humble and the poor from all climes and from all lands have found a refuge. We shall tell them that we have stricken the shackles from the limbs of millions of slaves. And when we glory in this prosperity, and when we boast of all this freedom, let us not forget that almost within the shadow of Independence Hall tens of thousands of citizens are subject to a tyranny and a despotism such as neither khan nor caliph ever exercised, and such as in the wildest dream of power was ne'er conceived by sultan or by czar.

Why, gentlemen, it is but a few weeks since I received a letter from a miner, a man who had worked in the mines for thirty-six years, the father of a family, and, I believe, the owner of a household, a well-written letter,—a letter such as any employer would be glad to receive from his employee,—a letter stating that the writer feared that he and his companions were in the wrong, that they had made a mistake, that they were anxious to return to work; that, having met me on one or two occasions when a committee of laboringmen met one of their employers, he was anxious to have my opinion about the strike. I never volunteered an opinion; I never wrote or urged any laboringman to do anything during a strike; but in this case I wrote a letter and endeavored to show my correspondent what I supposed to be the folly of the course which his associates had been pursuing. He acknowledged the receipt of my letter, intimated that he was convinced, and that the men would return to their employment. It became known through the post office that this man had received a letter from me. He was charged with that as a heinous offense. He had a great deal of personal independence of character, he met his opponents face to face, and asked them whether in this country a man had not a right to write a letter to whom he pleased and to receive an answer, and he defied his accusers. The courage with which he met them succeeded for the instant, and he left to go to his home; but when he reached his home at night he found there the

anonymous notice,—“Leave this county within twenty-four hours, or you are a dead man.” Now, he was powerless, for who can defend his life from the secret assassin? He left—left his family, and remained absent until he hoped the affair would be blown over, and until men should return to their senses and he could safely go back to his employment.

Think of it, gentlemen! Here was a man who desired to work; a man who has no complaint to make against his employer; a man whose object it was to be friendly with his employer; a man whose attainments entitled him in the respect of his employer; a man who had a family, and who owned his house,—and he is driven out and driven from his home by a tyranny which holds thousands of men in subjection, and which I ask you to do your utmost to destroy.

What avails it to these men that they are ready and willing to work? Of what avail is it to them that we offer them work? Of what avail is it to them that the wages that they could earn would amount to one hundred dollars or one hundred and twenty dollars a month? They cannot work; they dare not work; to attempt to do so is to invoke destruction. A man may go forth in the morning from his own humble home, determined to return at night with the wages of his labor for the support of those who are dearer to him than life itself. If he is armed, vigilant, and courageous, he may protect himself from open violence by day, but in the silence of the night, his home is riddled with bullets, and he is driven out into exile—away from family and away from home—out into the darkness and into the night, a fugitive and a wanderer—with every man’s hand against him—and for what? for daring to submit himself to the primal curse of the Almighty, and to earn his bread by the sweat of his brow. Far back in early ages, in Roman amphitheatres, Christian martyrs were torn to pieces for daring to worship God. In later times men were condemned to death, or doomed to exile, for uttering treasonable sentiments about the form of government. There has been prescribed to certain people and to certain races a particular form of dress, and disobedience to the decree was punished by ostracism or by death; and held up to

the withering scorn and detestation of succeeding ages have been all forms of human oppression by which

“Man’s inhumanity to man
Makes countless thousands mourn.”

But it has been reserved for the latter part of the nineteenth century—for a land boasting among all the nations of the world that it is the land of liberty; it has been reserved for the United States of America and the State of Pennsylvania to witness the spectacle of the right of a man to labor for the support of his family denounced as a crime by the decrees of an association, which rewards submission by starvation, and which punishes disobedience by a ghastly and a horrible death.

Why, but a few weeks ago we were obliged to conduct the business of the Railroad Company in the mining region under an armed force. Every passenger train that passed over the road was preceded by an engine with an armed posse. The locomotive engineer, ever foremost at his duty and unflinching at the post of danger, standing with his left-hand on the throttle-valve and his right upon a pistol, as his train passed through dark glades or by deep defiles, where every tree and every rock concealed an armed assassin thirsting for his life. We were obliged to send men armed to the teeth to protect their fellow-men in the right to labor; and this police force had to be lowered and passed down the inclined planes over which you were taken and which you saw, where the human freight is suspended by a few threads of wire rope. At a time when a number of these officers were about to go down one of these inclined planes it was found that some cowardly assassin, with an axe, had cut the wire rope in three or four places, not so deeply that the danger should be discovered by the eye, but rather that it should be hidden until the strain was upon it,—cut for no other reason than to precipitate to a sudden and terrible death those brave men who were there, in obedience to orders, to protect their fellow-laborers in the right to earn their daily bread. By a most fortunate accident the discovery of this outrage was made in time to avert the terrible calamity which would otherwise have been inevitable.

Now, let me refer you to the relations of the Reading Railroad Company to those whom it employs. We have nearly

twelve thousand railroad employees. We have always maintained in our own shops the old system of indentured apprenticeship; we have never permitted that system to be broken down. Almost all the skilled workmen in our employ, I may say, were educated and trained in our shops. The superintendent of the road was there; the engineer of machinery was one of our indentured apprentices. We have in our employ six hundred and fifty-one people who have been with us over twenty years, and of these, one hundred and thirty-eight have been in the employ of the company for more than thirty years. We rarely have any trouble with our railroad employees except in the coal region; we try to treat them civilly; we try to treat them respectfully; we pay them promptly in cash, and we never speculate upon their wages; we are sorry when a depression in trade compels us to reduce their pay. It is to our interest that they should be well paid. When they grow old and become worn out in the service of the company, we invariably give them a pension to support them in old age. You have seen many of these men; they have appeared before you as witnesses, and have accompanied you on several visits to the works of the company; you know them; you have seen the relations that exist among them and between the subordinate and superior officers of the company, and those relations of kindness and friendship we are anxious to introduce into the coal region. We desire the miners and laborers of the coal region to stand to the Coal and Iron Company exactly as the employees of the Railroad Company stand to it. But, gentlemen, the few marplots, the little band of agitators, the men whose business it is to breed mischief and to sow the seeds of dissension, are ever on the alert to prevent any other relation than that of hate and animosity from springing up between employer and employed.

When we entered into the business of mining coal, almost the first action I took with reference to the labor question, was to say to the superintendent of the mines—"Invite a committee from every colliery, of one or two workingmen, to meet with me in Pottsville; I will go there to meet them; I will agree with them, if they are willing, that if each miner and laborer will contribute a little sum per diem out of his wages, say a half or

a quarter of one per cent., that whatever amount is so contributed will be doubled by the company out of its own treasury, so that if the men raise ten thousand dollars per annum, the company will put ten thousand dollars more to it and make it twenty thousand dollars, and the entire sum thus raised shall be placed in the hands of trustees (some of whom can be selected by the men) as a fund out of which any man who is injured by an accident shall be supported until he is well; out of which the funeral expenses of every man who is killed shall be paid; and out of which an income shall be derived by the widow and minor children of every deceased employee of the company. It was one of the best systems that could have been devised for the benefit of these men, but it was instantly met with a storm of abuse and indignation. Emissaries were sent out throughout the country by these people who call themselves "labor reformers," to warn the men that it was a dangerous scheme, and that the intention of the company was to do something dark and sinister. The scheme was therefore abandoned; but during the next year or two we saw the misery and the poverty which were the inheritance of those unfortunate families who had been deprived by death of their protectors, and on the first of January of this year we announced, as a rule of the company, that whenever a man was killed in its service, a certain sum should be paid for his funeral expenses; that his widow should receive a fixed sum in money per week for a determined period, or so long as she remained a widow; and that every minor child of the deceased unable to work should receive a fixed sum per week; all of which was to be paid out of the treasury of the company. As this required no co-operation or contribution by the men, the rule went into force, and we are acting under it to-day; but the newspaper, which professes to be an advocate of the rights of labor, ridiculed and denounced the offer, and held us up to the scorn and detestation of our workmen because we had dared to attempt such a thing! Why, gentlemen, whenever we approach the men to establish kindly relations between them and ourselves, we are met by the interposition of persons who live upon agitation; whose business it is to destroy confidence; who are sent into the region for no other purpose than to create

trouble,—men whom you well know, whom you see before you at Harrisburg, and who represent themselves as the leaders of the laboring classes, and the controllers of the labor vote. Why, gentlemen, their claim is a mockery. They are not leaders of the workingmen. They have over and over again deceived them. Their trade is to sow dissension, and to implant in the bosoms of the men suspicion and distrust of their employers. Why should such men be encouraged? In this country, every field of industry is open to the workingman. A boundless continent is at his back. Every industrious and skillful man can earn in a few years enough money to buy him a farm. He that is to-day the humblest and the meanest may to-morrow be the proudest and the greatest. The children who are to-day born in a hovel may transmit to their posterity the inheritance of a palace. The humblest worker in the coal mine may aspire to fill the first place in the gift of the people.

Here let me call your attention to the peculiar position occupied by a railroad company employing a large laboring class, that constitutes almost the entire population of a district. All these people living together make the population upon which we depend for our merchandise and passenger traffic. What is the trifling difference saved by us in their wages compared with the profit we derive from the traffic dependent upon their prosperity? It is to our interest that the coal region should be a prosperous one. The individual coal operator, who has a lease for ten or twenty years, may have no object ulterior to present gain. He may have no other desire than to make money during the existence of his lease, and retire with a competency when it is terminated; but we have gone into the coal region to stay. We own the lands; we own the railroads. Everything that adds to the wealth and adds to the prosperity and increases the population of the district increases the wealth and augments the prosperity and adds to the profits of the railroad company. Self-interest alone, apart from all other considerations, should induce us, and will induce us, and has induced us, to treat these men fairly and liberally. My whole object has been to establish kindly relations with them; it is so much to our interest to do so, apart from any other question of benevolence. But I say to you that

it is almost impossible, on account of the character of the political agitators who appear among them and represent themselves as their leaders. There is, perhaps, no one who can say as truly as I can, in the language of the Psalmist, that "I labor for peace; but when I speak unto them thereof, they make them ready to battle." You, gentlemen, sit here to-day as the representatives of the Commonwealth of Pennsylvania. You have heard the clamors of these agitators at your doors. You have seen them denouncing against us all the power of the State, which they profess to wield and to be able to control. You see in their papers to-day the most outrageous and infamous abuse of yourselves as a committee, simply because the evidence in this investigation has failed to substantiate the charges against us, and they see but too well that they will not be gratified by witnessing our destruction. Hence, you are denounced from one end of the Commonwealth to the other, and the abuse heaped upon us has been transferred to you. I ask you, gentlemen, to interpose between them and the real workingman—between the agitator and his victim. Which shall have your protection? Which is entitled to your sympathy? Is it he who receives a salary for no other purpose than to create dissension and organize riot—the man who lives upon the toiling miners and deprives them of subsistence, or shall it be the honest workingman, anxious to make use of the strength which God has given him and desirous to labor for the support of his family. I am here to-day to present for your consideration a few plain facts, and to endeavor, by such poor arguments as I have the power to make, to warn you against the insidious influences of these self-styled representatives of labor; to ask you, in your capacity of legislators, to protect the real workingman, and to ignore and denounce those who thrust themselves between you and him. Atheists and infidels! advocates of the Commune and emissaries of the International!—the success of their agitation must be followed by the overthrow of the very foundations of society. I can do naught but raise my voice in protest against them, but you can do much. Let me beseech you, look well to it; for if you fail, the time may come when we will have to defend with weapons other than arguments our firesides and our altars.

Let me now draw a picture of what might be accomplished in the anthracite coal region—of what it has been a dream of mine to accomplish. Let me show you how, resulting from the fact that a railroad corporation is the owner of these mines and the employer of these men, a system of co-operation could be brought about in its fullest extent and under its most favorable auspices. The share capital of the Reading Railroad Company is only thirty-five millions of dollars. At rough figures, there are six million tons of coal produced in the regions that depend upon us for an outlet. The amount of money paid for the labor of mining this coal and for the labor of preparing it, transporting to market and shipping it, is in round numbers two dollars and a half a ton,—say a dollar and a half for the mining and preparing, and a dollar for the transportation and shipment. There is, therefore, fifteen million dollars per annum paid out in wages to the class of people who are employed in developing this industry. I speak within bounds and from my own knowledge of what these men can earn, when I say that nearly twenty per cent. of their wages might be saved if they were economical, as many of them desire to be. Let us suppose, then, that one man might annually purchase one, two, three, or four shares of the stock of the company of his employer; that these workingmen, instead of pouring their money into the treasuries of associations which do them no good but do them positive harm, should gradually become to a great extent owners of stock in the very company that employs them. We would like to see that accomplished; we would like them to become interested with us in the business that results from their labor. As you see yourselves, nearly three million dollars a year could be so invested, and in a very few years the laboring population connected with the coal fields and depending on the transportation of coal, could become large owners of the stock of our company. Where in the wide world could there be a more perfect system of co-operation for the benefit of the employer and the employed, than that in which the railroad corporation owns the railroad and owns the land, and employs the men to produce the coal, and divides the profits of its business among the laboringmen whose toil has added to its wealth? I have thought of this

often, and hoped at some time or other to bring it about ; to see the company actually composed of the men whose labor produced the coal, with no middle interest, with no commissions, but the entire profit represented by the difference between the cost of production and the price of the product, divided *pro rata* among the very people whose labor and whose skill were required to produce it. But if I were to suggest this to the men, the agitators and demagogues would tell them that my only object was to break up the trades unions. I can see, however, how it could be accomplished ; I can see how it could be carried out with great benefit to the laboring class ; I can see that it would result in attaching them to us, and in making them share in our prosperity—in making them labor more assiduously than they now do ; because over and above the wages they receive for a day's work there would be an additional profit which would come to them at the end of the year. Each man, to some extent, therefore, would be interested in the business ; it would be to his pecuniary interest to see that there was no waste and no loss. He would feel as if he was working for himself ; and such a relation between the workmen and ourselves is the one we would like to see existing. That relation, I think, can be brought about and can be secured, if this class of agitators, of Communists and Internationalists, of whom I have spoken, were either sent to the penitentiary, or condemned to make their own living by an honest day's toil, instead of passing their time in salaried ease by writing newspaper articles and making speeches in order to prevent their deluded followers from earning their bread.

Gentlemen, another reason why the coal trade ought to be made profitable, is the trouble and expense that results to the owner of coal property from the social condition of the coal region. The property is owned by non-residents ; the taxes are levied by people who pay none themselves. You will be amazed when I show to you the enormous extent to which we are overburdened with taxation. In one township in the coal region the township taxes alone are two and six-tenths per cent. of the valuation, and the valuation is very high. In another it is two and a half ; in another it is four and eight-tenths per cent. of the valuation ; in another it is seven and one-tenth per

cent. of the valuation of the property ; and in another four and a half per cent. ; and these levies are only for township purposes, and are exclusive of and in addition to State or county taxation. We are subjected to this ; we must pay it. The system of political economy adopted in some of the townships in the coal region is the most successful and the most wonderful that was ever introduced in favor of those who levy the taxes and spend the money. A strike takes place ; the men refuse to work, and instantly the directors of the poor levy a tax upon the property of the employer, and distribute the proceeds among the men who are on strike, as “out-door relief.”

I have here a list of what is expended annually for the repairs of roads. In one township last year the annual cost of repairing country roads was three hundred and ninety-seven dollars per mile. Three hundred and ninety-seven dollars per annum was spent upon the repair of a single mile of country road ! In another it was five hundred and fifty-six dollars per mile ; in another it was four hundred and thirty dollars per mile ; in another it was four hundred and eighty-nine dollars per mile ; in another four hundred and seventy-five dollars per mile ; in another five hundred and ninety-seven dollars per mile ; in another five hundred and forty-five dollars per mile ; and in another four hundred and fifteen dollars per mile. This was the annual cost last year of repairing a mile of country road. We are subjected to these taxes ; we cannot get rid of them. The inhabitants levy the taxes and spend the money, and all we can do is to pay. I tell you, gentlemen, that there is a “ring” formed in the coal townships of Schuylkill, Northumberland, and Columbia counties, compared to which the ring of William M. Tweed sinks into absolute insignificance. In one township alone where they were compelled to build a poor-house to prevent the outrageous system of so-called out-door relief, the cost of maintaining each pauper was fifteen dollars per week,—the same price, I suppose, that I would be charged at the United States Hotel, in Atlantic City, for expensive summer boarding and lodging, and this sum was spent in money in addition to the value of the produce of the poor-house farm. In Conyngham township, Columbia county, in 1873, there was expended on the repairs of sixteen miles of

road, and in building one mile of new road, forty-six thousand three hundred and forty-four dollars and three cents, making a cost for the annual repair of roads of about two thousand seven hundred and twenty-five dollars per mile. Gentlemen, you have been over the Reading Railroad and have seen the solidity with which it is made and the care with which it is repaired; and when I tell you that the cost of repairing that road, which carries more tonnage per mile than any other road in the world, together with the cost of the new iron that is annually put into it, and the cost of the new material, and the labor, and the maintenance, is only nine hundred and thirty dollars per mile of single track, you will see that a mile of country road in Conyngham township costs three times as much. We are subjected to all this taxation. You do not know, gentlemen, what a grievous burden we have had to bear. I have told you the annual cost of repairing roads; but that is nothing, for, as the taxes are not sufficient to pay the annual cost, there is an enormous debt run up every year for the surplus. In addition to this annual cost which I have named, the present debts of the townships I have referred to are as follows per mile of existing road. Remember, this is not the aggregate, but this is the debt per mile of road. One of them, fifty-three dollars a mile; another, thirty-five dollars and twenty-one cents; another, one hundred and eighty-five dollars; another, three hundred and fifty-seven dollars and fourteen cents; another, fifty-six dollars; and the township which expended over two thousand and seven hundred dollars per mile in repairing has a debt per mile of three thousand six hundred and twelve dollars. This money is taken from us, and it goes to support a little clique in each township that controls the politics of the township and controls the work of the labor associations, and the poor, honest, and deluded laboringmen know nothing about it. We shall come to your doors next winter, probably, clamoring to you for an investigation, and, having been investigated ourselves, we shall ask you to direct your arrows against those who are now complaining against us. We will show you a state of facts which you would hardly dream could exist in any civilized country—a system of robbery by taxation—a system where the supervisor employs his

own carts on all the public roads; where every man connected with the administration of municipal affairs becomes wealthy; and where we non-resident, innocent, miserable, wretched property owners have to foot the bills and pay all the costs; and then, when we add two or three cents a ton to the price of coal in order to save ourselves, the very men who are thus plundering the public appear before you at Harrisburg, and represent themselves as the advocates of the down-trodden laboring element, and threaten you with defeat at the polls if you dare do anything in our favor! Why, Tweed is almost an angel compared with these men. If you take the value of property, and the amount of taxation levied, as compared with the real and honest cost of the object to be attained, you will find that, in proportion to the amount, these men steal one hundred dollars where Tweed and his confederates took one; and if the same amount of robbery and iniquity were practiced by the United States Government that is practiced in the coal townships, the national debt would hardly pay the interest upon the annual expenditure.

I must now turn to another subject, and, as I have an opportunity, rarely enjoyed, of talking through you to the legislature of the State of Pennsylvania, I will subject you to a further infliction, and make you, as it were, a vicarious sacrifice for the iniquity of the whole body you represent. I desire to call your attention to the manner in which you, gentlemen of the legislature, have been frequently deceived, and to the unfair legislation with which you burden us. In the first place, a year or two ago, you levied a tax of three cents a ton on a ton of coal if it was sold by a corporation, but not if it was sold by an individual; and, therefore, Mr. Borda, in entering into competition with us for the trade of Philadelphia, has three cents a ton advantage over us. If Mr. Borda's consignor wants us to sell his coal, he ought to have a right to come to us, because, although perhaps we have not the same amount of ability, we have a little more capital, and the producer ought to have the right of selecting his own factor. But when he comes to us to sell his coal he has to be taxed, for the benefit of the State, three cents per ton, and when Mr. Borda sells it, it is not taxed at all. This is

hardly fair. I admit that corporations ought to pay a large share of the burden of State taxation, and if the tax could be made so to bear equally on all inhabitants of the State, it is as good a way as any to collect the annual rates; but to say to an individual who ships one hundred thousand tons of coal a year, "If you go to a corporation to sell your coal, and sell it to them, we will tax you three cents per ton, but if you go to an individual, we will not," I maintain is manifestly unjust to the individual, to say nothing about the corporation—for we, as you know, never expect justice.

Again: you have been at the mines and have seen how coal is mined. Let me call your attention to a bill that was passed last year by which it was made the duty of every person employing men at coal mines to weigh the coal and pay his miners by weight. No workingman wanted this. It was introduced, I think, by Mr. Stanton, of Luzerne, who said it was an absolute necessity. Of course, if it had passed in its original shape it would have destroyed the business of the region; but there was an amendment added to it by which it was not to be applicable to those who made a contract with their men to work otherwise. A great many of the coal operators in our region thought it was necessary that such contract should be in writing, and when their men were ready to go to work they presented a paper to them to sign. Workingmen always object to signing papers. They are always suspicious of written contracts. They did not want to be paid by weight; they could not be paid by weight; but they would not sign the paper, and in one or two cases they remained on a strike some days until the matter was explained. But they lost several days' wages. Why should these troubles be thrown in between us and our miners? Most of the coal in Schuylkill county is mined by the yard, and it frequently has to remain in the ground from one to three years after it is mined before it can be taken out; and if this bill had become a law the poor workingman could get no wages until at the end of three years his coal could be weighed. It is impossible to weigh it as it is mined. He is paid so much a lineal yard for cutting the coal. When the vein is flat or is at a slight inclination, it is worked by the wagon, and the wagons can be loaded

daily, but where the vein has a very steep inclination the man who cuts the coal leaves it in the breast or run. He leaves all the coal in the mine to support him and to stand upon as he works upwards, and when he is done with his breast, at the end of three or six months or a year, it is taken out; but sometimes the whole coal remains in the ground until the gangways are driven to the end of the line, which may occupy two or three years. It is sometimes two or three or four years before it could be weighed; and yet this bill actually passed through one branch of the legislature without amendment, and would have prevented the miner receiving his pay except at the end of three or four years. I need not refer you to the bill, which I now hold in my hand, and which passed one reading in the House, called the Labor-tribune bill, by which all the industrial works of Pennsylvania were to be managed by and to be subject to the control of a board called a tribune, composed of twelve men, of whom one was to be the secretary of internal affairs, one a coal operator, one a manufacturer, and the other nine laborers employed at such works; and the decision of this tribunal upon any question of dispute was to be final, and if it was not obeyed, the disobedient offender was to be imprisoned for seven years!

SENATOR HERR.—That was thrown out of the Senate.

MR. GOWEN.—Yes, it was thrown out of the Senate, but the report of it went through the coal region like wild-fire; it was believed it would become a law, and the agitators thought their millennium had come at last. Indeed, many of the men in the coal fields were led to believe that the resolutions passed by the anti-monopoly convention at Harrisburg were acts of the legislature, and they wanted to know when they were going into effect. This constant and unnecessary agitation and disturbance is the relation of labor and capital—is the cause of all the trouble we have to contend with.

With reference to the question whether what I have mentioned and what has been proved by the other side amounts to a conspiracy, it is enough to say that if it does you should send us to the district attorney. But the case of *The Morris Run Coal Company vs. The Barclay Coal Company* has been cited. I do not desire to take up your time with it, but I will merely read

you the gist of the case from the syllabus, and a quotation from the opinion of the judge, to show what kind of a trades association it is that is indictable as a criminal offense.

“A restraint upon trade to be valid must be partial, the consideration adequate and not colorable, and the restriction reasonable.”

“A good test is, whether the restraint is such as only to afford a fair protection to the party in whose favor it is, and not so large as to interfere with the interests of the public.”

* * * * * * *

“The presumption is, that restraints on trade are illegal, unless made upon adequate consideration and on circumstances both reasonable and useful.”—18 P. F. Smith, page 173.

And the opinion of an English judge is quoted as saying,—“We do not see how a better test can be applied to the question, whether reasonable or not, than by considering whether the restraint is such only as to afford a fair protection to the interests of the party in favor of whom it is given, and not so large as to interfere with the interests of the public. Whatever restraint is larger than the necessary protection of the party can be of no benefit to either; it can only be oppressive; and if oppressive, it is in the eye of the law unreasonable; what is injurious to the public interest is void on the ground of public policy.”—*Ibid.*, p. 185.

I leave this part of the case with you to say whether what we have done is injurious to public policy or injurious to the Commonwealth of Pennsylvania. I call your attention to the fact that we never stopped the production of coal until we were blocked up and had to stop it. The remarks read from the report of the managers of the Railroad Company, criticising the action of the Workingmen's Benevolent Association for stopping production in order to raise prices, are perfectly just, and would be applicable to us if we were guilty of the same offense. But when did we ever stop production, or when shall we ever stop, until we are required to do so by the impossibility of handling the product of our mines? You have it in evidence that the combination in New York adopted ten million tons as the amount to come to the competitive market annually;

and the largest amount that ever was required in one year was nine million one hundred thousand, and in the other eight million four hundred thousand. This was not limiting production. We did not bind ourselves in any manner to mine only ten million tons. When we met we assumed that figure for the purpose of making a *pro-rata* distribution. That *pro-rata* distribution was based on the exact tonnage which each of the companies had averaged in preceding years. We stopped once in the month of January, when we elevated the road coming into Richmond. There was no scarcity of coal then. There is no demand for coal for shipment in the winter. We selected the winter, when there was no shipping business, for the purpose of doing the work. The city of Philadelphia paid a portion of the cost; the company paid the other portion. Instead of having a grade-crossing with eleven tracks, we made the improvement which you saw, elevating the railroad and depressing the roadway beneath it. We stopped for two or three weeks to do that. We stopped once in a dull season to repair the Port Clinton tunnel; but when we stopped, you have it in evidence that every place was blockaded. Richmond was full; the retail yards were full; the eastern depots were full; New York was full. We went on loading cars in order not to stop, if it were possible to avoid doing so. We loaded the cars as long as they lasted, until we had twenty-four miles of coal cars loaded with coal standing along the line of the road, and then we stopped; we could not go any further; and simply because we did not stop until we could not go further, and because we loaded these cars in order to give us an outlet for our product as long as possible, our friends turn round and say that we loaded the cars in order to stop! As I said before, the very thing which we do to benefit the public is made use of as evidence against us.

They say that it is a combination to keep up prices. Why, gentlemen, if we had kept up prices you would never have heard of this investigation. If, when the long strike of six months commenced on the first of January last, and when we had three hundred thousand or four hundred thousand tons of coal on hand, and the retailers of Philadelphia had probably

fifty thousand or one hundred thousand tons among them, we had united with them and fleeced the public out of two or three dollars a ton profit (which we could easily have gotten, for coal was very scarce), they never would have gone to Harrisburg to ask for this investigation. It was only because we reduced the price of coal fifty cents; it was only because, during a time when coal was scarcer than it ever had been before, we refused to be tempted to raise the price that these gentlemen complained against us. They did raise the price, but they tell you that they resisted temptation and only raised it to eight dollars a ton,—they only made two dollars and a half when they might have made five. I remember to have heard of a person who claimed that he was a very religious man, and who, in talking to another about the evils of yielding to temptation, said that he always resisted it; that, on one occasion, he had been in a shoemaker's shop and had seen a handsome pair of boots hanging there; that nobody was looking, and the temptation was very strong for him to take them, but there was a voice within him which bade him beware, and he did not touch the boots, but only took a pair of cheap shoes. And so our friends the retailers, when they had the opportunity of raising the price of coal to ten dollars a ton in Philadelphia, only raised it to eight dollars, because we sold it at five dollars and eighty cents. Why, gentlemen, if we and the New York companies had not insisted upon keeping down the price of coal, you never would have been asked to make this investigation, and the poor people of Philadelphia would have had to keep themselves warm during the past severe winter with coal at ten dollars per ton.

I have now said almost all that I have to say to you. We occupy a very peculiar position in this investigation. An interest known as that of the factors, driven absolutely out of business by sharp competition, comes before you to complain of us as a monopoly that destroys competition. The retail coal dealers, forced to reduce their price of coal by our competition, come before you to complain of us because we prevent competition. The same dealers, many of whom are engaged in selling coal at the rate of one thousand seven hundred and thirteen pounds to the ton, come before you to complain that we give

short weight! Out of their own mouths these accusers are condemned.

And now, before closing, I ask some little attention to that about which I have not yet spoken, and that is the character of the company that you are asked to strike down, and the benefits that its business confers upon the community.

You are asked to take our charter away because we have become injurious to the Commonwealth of Pennsylvania. Gentlemen, the two companies which I represent employ to-day twenty-two thousand five hundred and forty-six persons, all residing within the State of Pennsylvania. We pay to them monthly, when we are in full operation, the sum of nine hundred and eighty-eight thousand six hundred and fifty-nine dollars for wages. We have expended in the last five years in the purchase of materials twenty-three million twelve thousand one hundred and forty dollars and fifty cents. It is an inflexible rule of the company never to buy a dollar's worth of material from anybody away from the line of the road if it can be bought from those living along its line. The manufacturers in Philadelphia and residing at other places along the line of the road receive our orders to the exclusion of everybody else. We have paid in five years to the State of Pennsylvania, as taxes, the sum of two million seven hundred and eighty-nine thousand seventy dollars and thirty cents, in addition to United States taxes and to local and municipal taxation. We are working seven hundred and twenty-five miles of railway within the Commonwealth of Pennsylvania, representing one thousand four hundred and fifty miles of single track. We transported last year six million three hundred and forty-eight thousand eight hundred and twelve tons of coal; we transported three million ninety-eight thousand eight hundred and thirty-one tons of merchandise; we carried six million nine hundred and sixty-four thousand eight hundred and sixty-nine passengers within the State of Pennsylvania safely over the lines of our railroad without injury of any kind to a single one of them. I can speak with some degree of pardonable pride, at the end of this investigation, of the personal character of the employees of the Reading Railroad Company. Many of them were before you. You saw them in the coal regions;

you saw them in Philadelphia ; you saw them at the shops of the company. We invariably promote our own employees. We never take a stranger into our employment if the vacancy can be filled by the promotion of a person already in the service of the company. Some years ago, when the secretary of the company, who was receiving a salary of six thousand dollars a year, died, the only person taken into the service was a boy, at a salary of two or three hundred dollars, and there were some fifteen or twenty promotions, and every vacancy, except the lowest, was filled by the promotion of a person already in the service of the company. Our employees remain with us almost to the end of their career, and when worn out in our employment we invariably give them a pension. There is not in the pay of the Reading Railroad Company, with all its staff of officers and army of employees, to my knowledge or belief, a single man deriving one penny of profit from the prosecution of any business connected with the railroad company, or which depends upon the railroad company, for its transaction—not one. Do you ever hear of any person connected with the Reading Railroad Company making an exhibition of wealth, or of fashion, or of folly ? Gentlemen, I tell you in all earnestness and sincerity, that I believe the mere fact that a man is an employee of the Reading Railroad Company is of itself sufficient to secure him employment in any other place where the Reading Railroad Company is known. Do you ever see a man connected with the company loaded with diamonds, driving fast horses, indulging in dissipation, or making an ostentatious display of wealth ? Do any of them look like men of that character ? I must stand here before you to say something in favor of these men ; for if we have been guilty of the charges made against us, if we have been guilty of this meanness whereof we are accused, the hand that turned the false balance, and the hand that made the unjust discrimination, and the mind that directed it, were those of the men who have appeared before you, and who are the representatives of the company. I stand here to-day to defend them from any such accusation, and to say that though often tired and wearied with the position I occupy, disgusted with the notoriety attached to it, and yearning for the

peaceful and quiet paths of my old profession, I am proud and can never cease to be proud of being at the head of the body of men in the employ of the Philadelphia and Reading Railroad Company.

Why should this company be singled out from among all the corporations of the Commonwealth and subjected to the ordeal of an inquisitorial investigation? Did you ever hear it charged that the hand of an officer of the Reading Railroad Company was stained by offering a bribe; that any of its officers are covered with the spotted infamy or tainted with the loathsome leprosy of those who betray a public trust? Have you ever heard aught against the personal character or the integrity of those to whom the charge of this property has been committed? Do you believe, from what you have seen, that these men, these officers, these subordinates, these masters, and clerks and station agents, and superintendents, whom you have had before you, are the men who would have been guilty of the baseness of the offense with which they are charged? What you may say upon the general questions connected with public policy is for you to determine. You have heard my answer. Whether it has affected your mind, given you any new light, or opened any new view of the future, is for you alone to say. But that you will make a report, charging these gentlemen with being guilty of crime, with being guilty of giving false weights, with being guilty of unjust and dishonorable discriminations, I submit you cannot find it in your consciences to do. To protest against this is all that I now stand here for. If it had not been for this, I might have suffered under your investigation in silence; but I will not, I cannot—nay, I dare not—remain silent under a charge that affects the integrity of those who look up to me as their leader, and who are entitled to my poor services as their defender.